

# ONLINE MEMBERSHIP INDUSTRY REPORT

LATEST BENCHMARKS AND TRENDS FROM THE WORLD OF ONLINE MEMBERSHIPS



**MEMBERSHIP**  
GUYS -

# INTRODUCTION

## A QUICK WORD FROM THE MEMBERSHIP GUYS

In our early days of working with memberships, we stumbled across an article that claimed that the average member only stays subscribed for a mere 3 months.

You've probably heard this yourself. It's a claim that's been repeated and republished so much, that it became readily and widely accepted.

**But it's nonsense.**

There's not a single shred of data or evidence for that '3 month' claim. No source data, report or study cited, anywhere.

The fact that this claim persisted for so long is part of a larger problem. There is no reliable data available about the online membership industry.

Truth is, this market is relatively tiny. It's a niche, of a niche, of a niche. What data we do have comes from either the broader subscription industry, or from membership associations. Neither of which reflect the online membership world.

**We figured it was time to change that.**

It's time for some real data and benchmarks for the online membership industry.

And so we've spent the past 4 months tapping into our audience of tens of thousands of membership business owners to identify how they're performing, what challenges they're facing and which trends are prevalent.

We hope you find it useful.

*Mike & Cailie*

# EXECUTIVE SUMMARY

This report surveyed more than 2,100 online membership website owners between June 2019 and September 2019 with the goal of better understanding how their businesses are performing, the challenges they're facing and the specific things they're doing to market and grow their membership as well as engage and retain members.

Within this report, you'll discover:

- **Details about the people who are running memberships.** Which niches they're in, how big their team is, how long their membership has been running and how much of a focus it is within their business. As well as their motivation for starting a membership and what impact it's had.
- **A breakdown of sales and retention performance.** How much money people are making and what that looks like in terms of member numbers, churn rate, pricing model and more.
- **Which business models and strategies are most effective.** Looking at open and closed enrolment models, the content deliverables that memberships are offering and the role community plays in engagement.
- **The most common marketing tactics being used** and how well they're working. Also looking at email list size and the impact this has on membership success.
- **What software and solutions are most common in the online membership space,** how satisfied people are with their tech and what challenges are most prevalent in the build/launch stage.
- **How membership owners feel about the growth of their business,** what their main challenges are, and what they're prioritising over the next 12 months.

Along the way we'll be highlighting and summarising the most pertinent takeaways as well as extrapolating deeper data to provide further insights into trends and benchmarks within the online membership industry.

# DEMOGRAPHICS

THE BUSINESSES AND PEOPLE BEHIND THE MEMBERSHIPS

## SUMMARY

Over two-thirds (66.8%) of respondents are running memberships in the **Business-to-consumer space (B2C)** - with the most popular B2C niches being **fitness, arts & crafts, and religion & spirituality**.

Business-to-business memberships are **less diverse**, predominantly falling into either the entrepreneurship niche or the sales & marketing niche.

The most common motivators for starting a membership were financial, with founders driven by both a desire to **make more money (58.1%)** as well as to achieve the greater stability offered by recurring revenue (58.7%).

While **37.8% of memberships are less than 12 months old**; there's longevity in the industry as shown by almost **30% of memberships being in operation for 3 years or more**; and **8.47% being over 7 years old**.

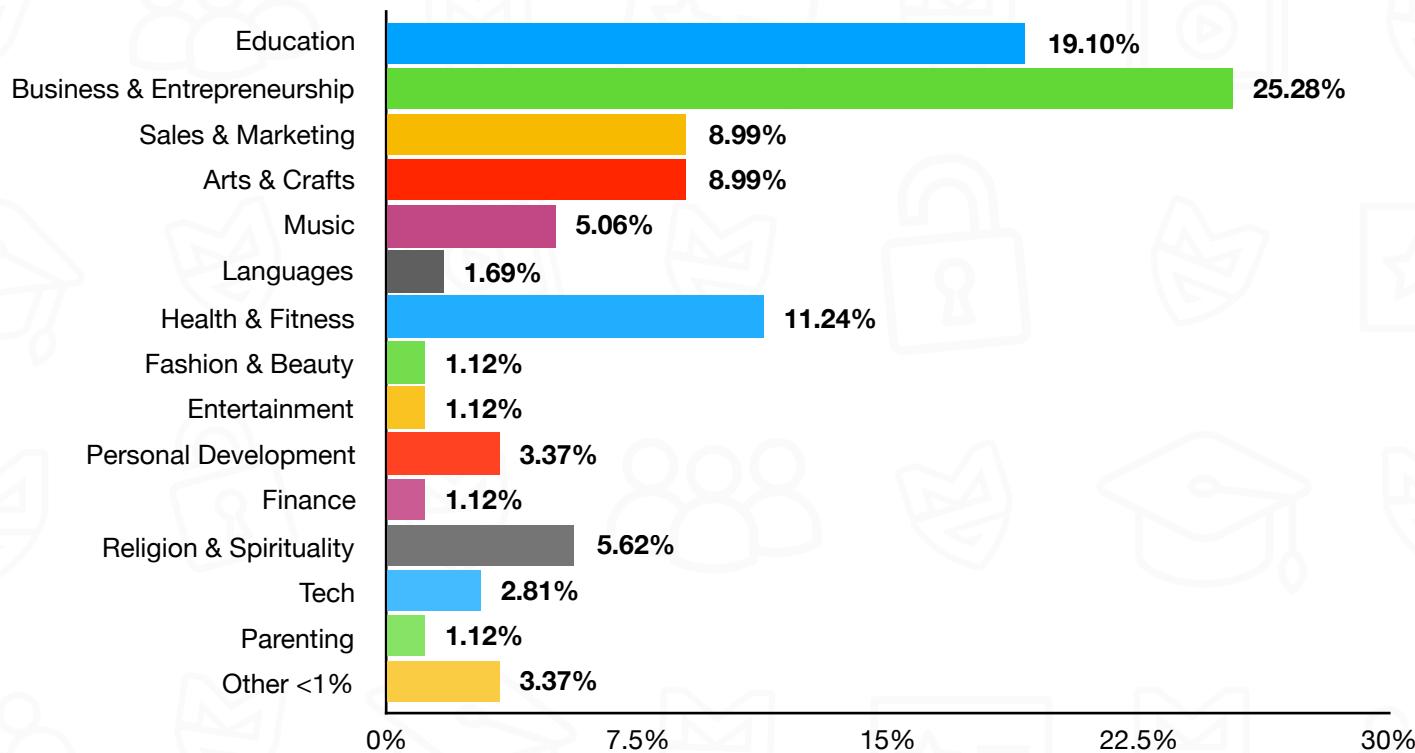
**53% of respondents whose memberships account for less than 25% of their business income are under 1 year old.**

Although almost **46% of people said they spent less than 10 hours per week on their membership** - almost all of those people stated that their membership accounts for less than 25% of their business.

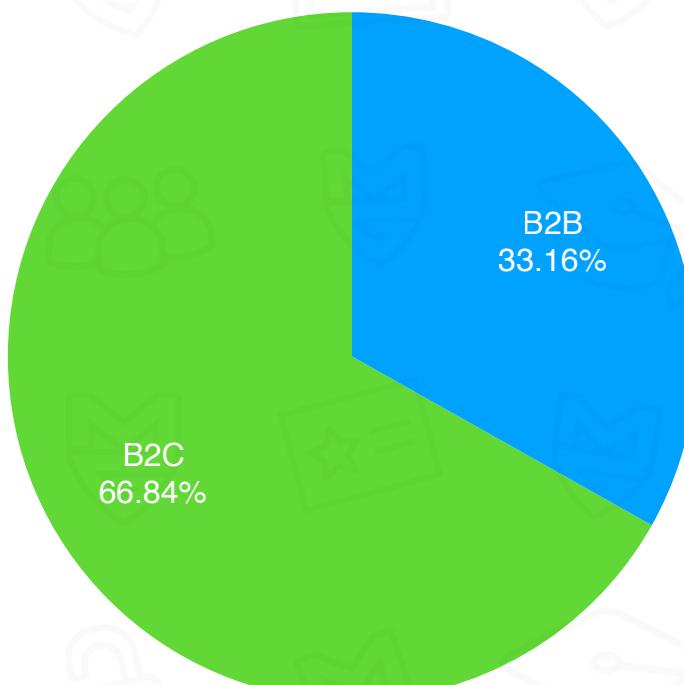
Of those respondents where their membership makes up the majority of their business (50% of revenue or more), **68% stated that they work between 20-35 hours per week**.

**Team size has very little impact** on revenue, hours worked etc. Those doing everything themselves are achieving results on par with those using employees and contractors.

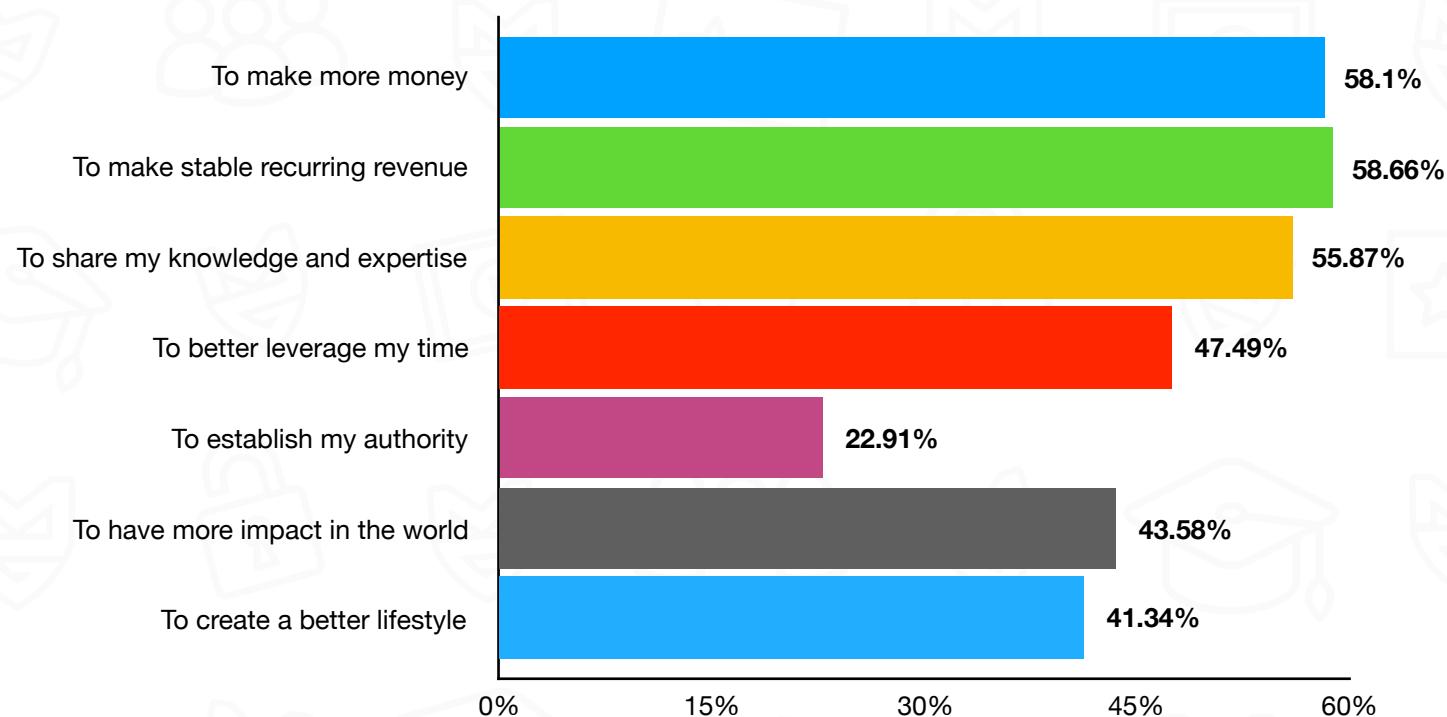
## WHICH MARKET IS YOUR MEMBERSHIP IN?



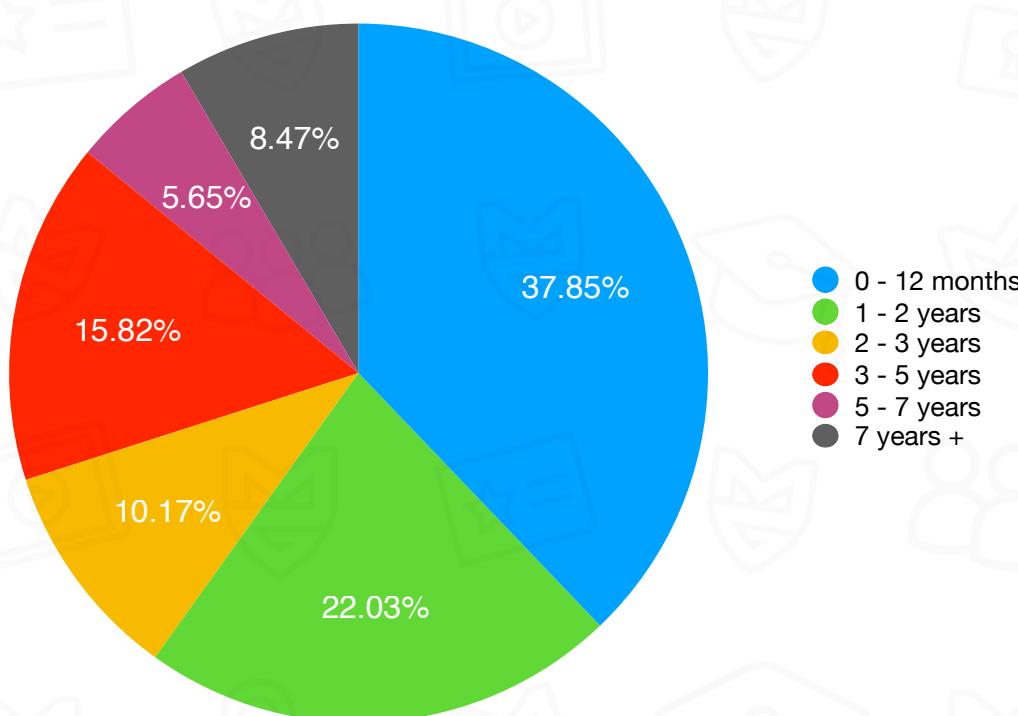
## IS YOUR MEMBERSHIP BUSINESS-TO-BUSINESS (B2B) OR BUSINESS-TO-CONSUMER (B2C)?



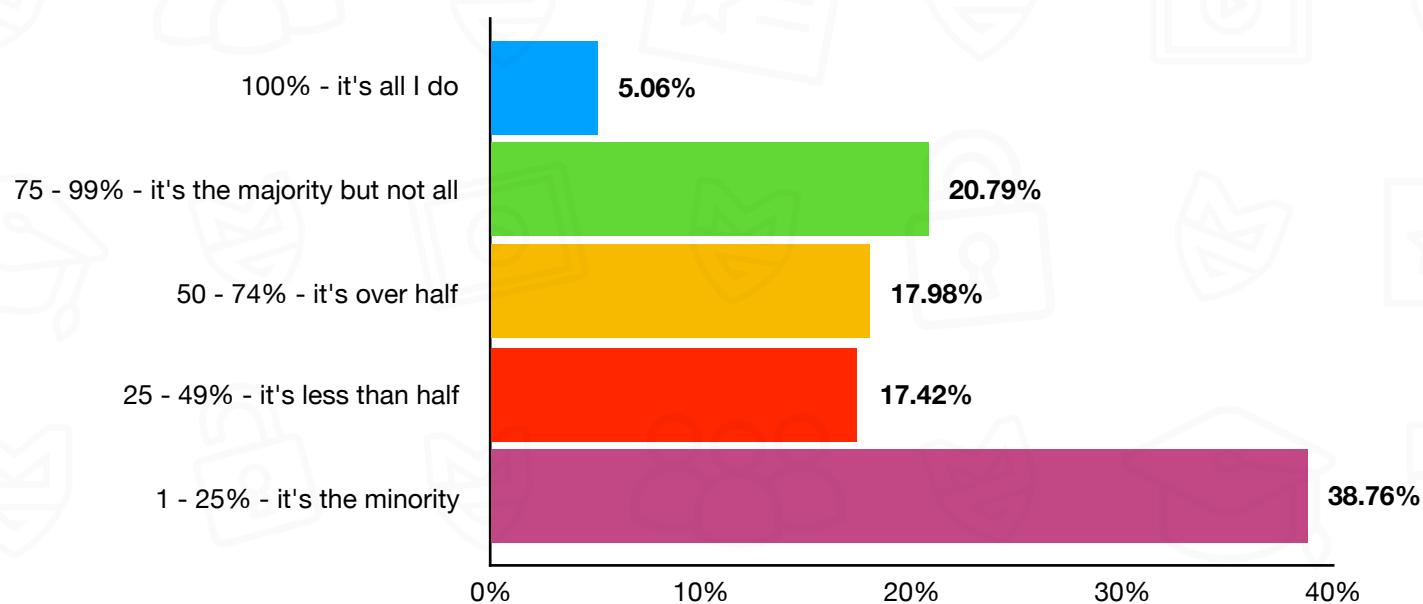
## WHAT WERE YOUR REASONS FOR CREATING A MEMBERSHIP SITE?



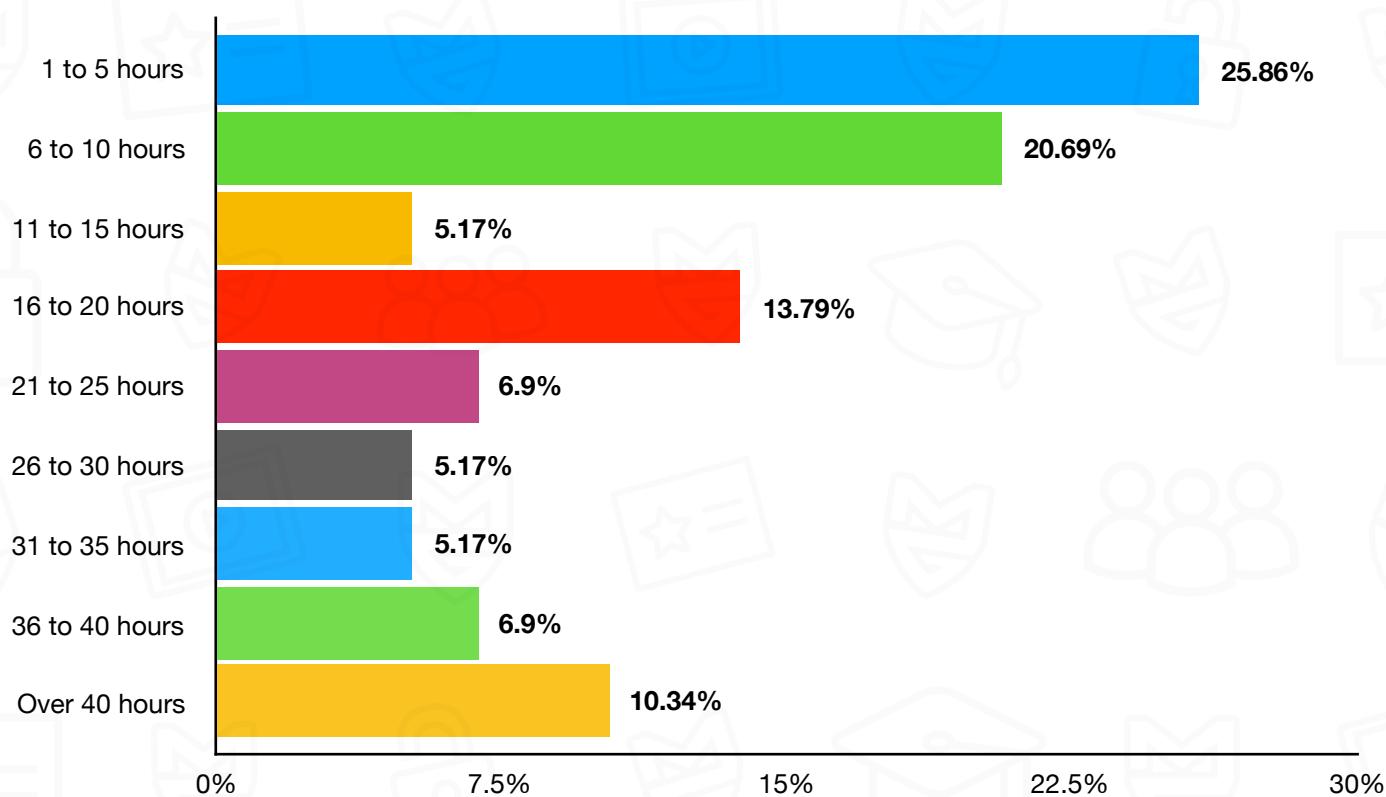
## HOW LONG HAVE YOU BEEN RUNNING YOUR MEMBERSHIP?



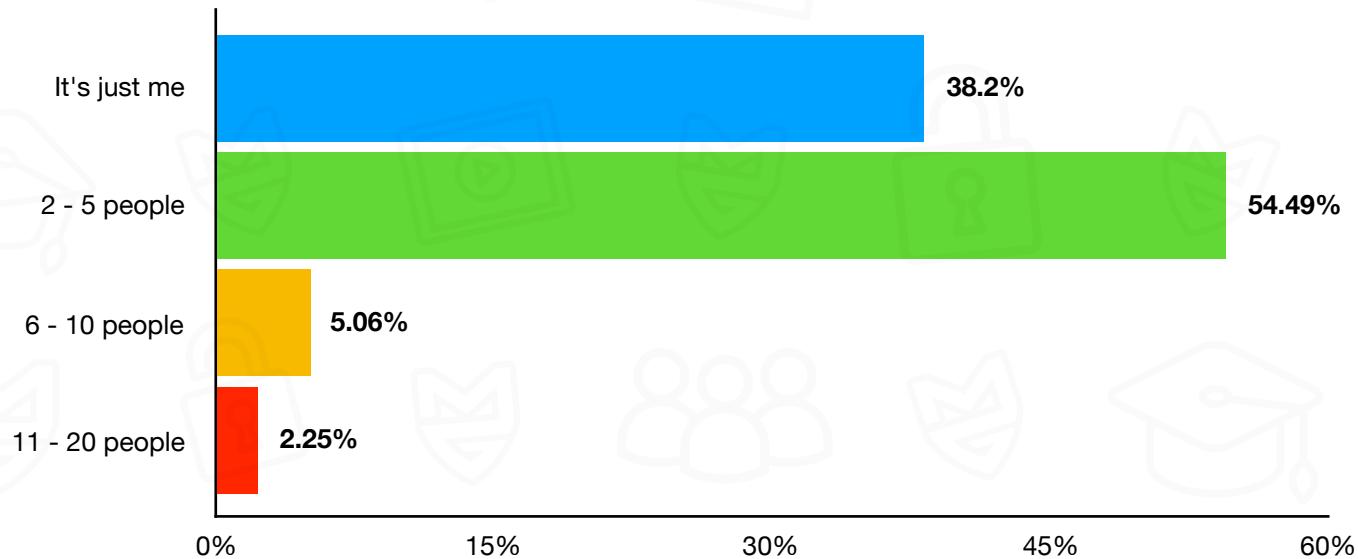
## HOW MUCH OF YOUR TOTAL INCOME IS PROVIDED BY THE MEMBERSHIP?



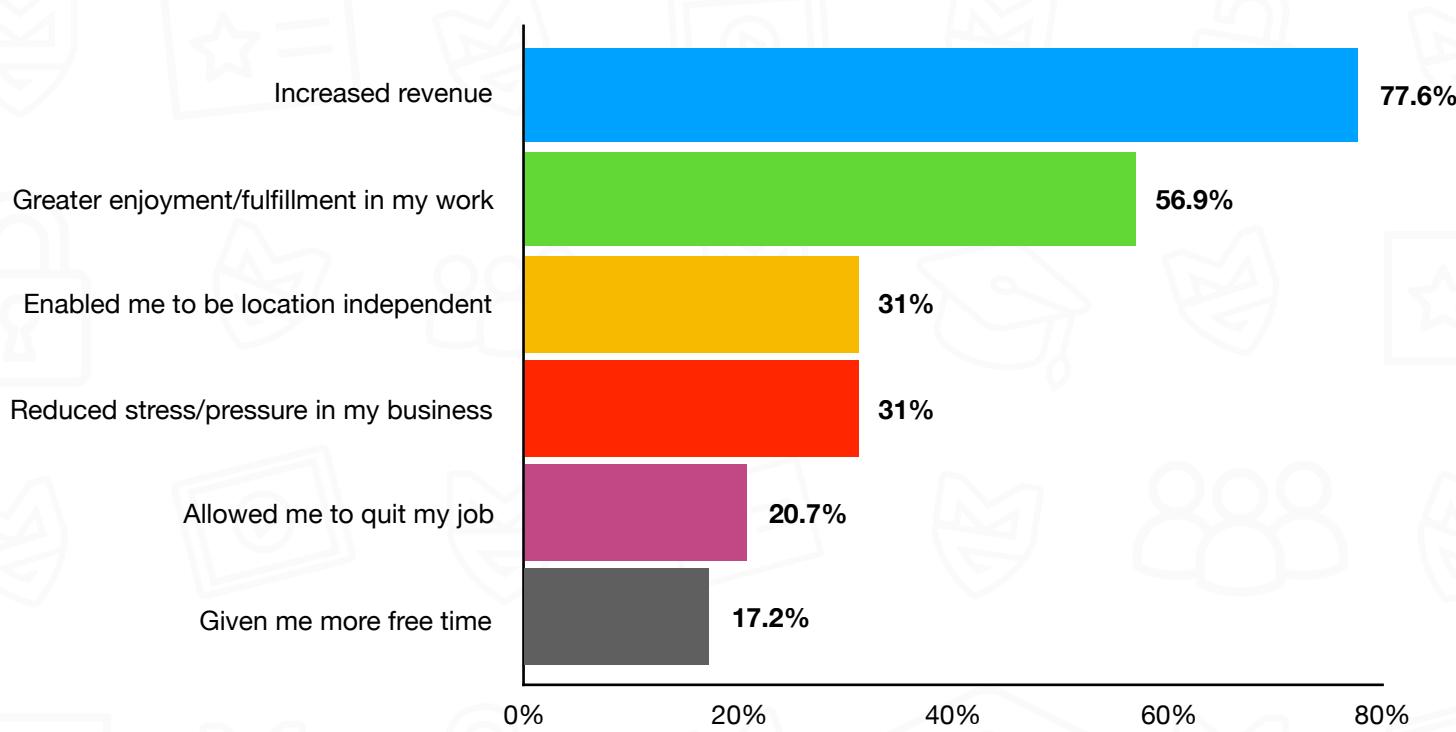
## ON AVERAGE, HOW MUCH TIME PER WEEK DO YOU SPEND ON YOUR MEMBERSHIP?



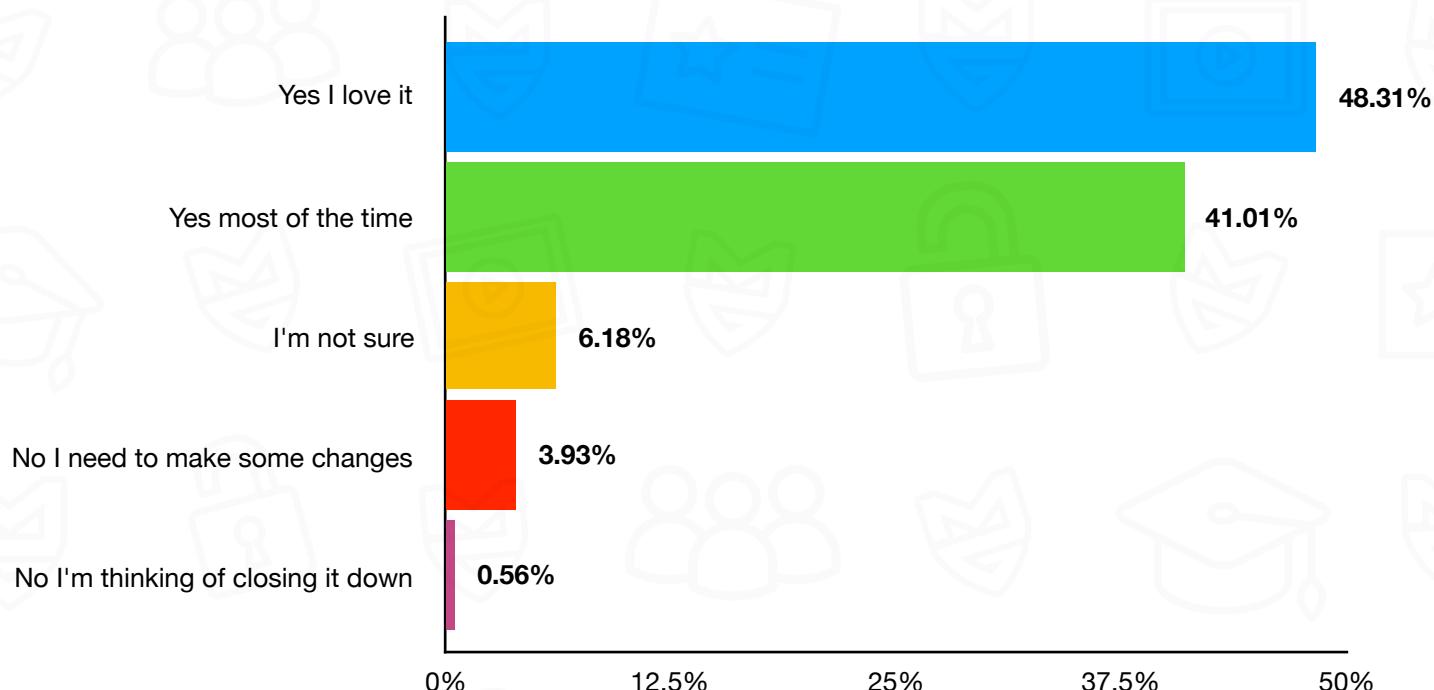
## HOW LARGE IS YOUR MEMBERSHIP TEAM? (INCLUDING FREELANCERS & EMPLOYEES)



## IN WHICH OF THE FOLLOWING WAYS HAS RUNNING A MEMBERSHIP POSITIVELY AFFECTED YOU?



## OVERALL, DO YOU ENJOY BEING A MEMBERSHIP OWNER?



# SALES PERFORMANCE

MEMBER NUMBERS, REVENUE AND MONTHLY SALES

## SUMMARY

Over 56% of memberships have had more than 1000 members join over the lifetime of the business. That percentage drops to 13% for memberships less than 3 years old, and increases to 62% for memberships more than 3 years old.

45% of memberships reported having more than 500 active members. This drops to 32% for memberships less than 3 years old and increases slightly to 51% for memberships more than 3 years old.

49.12% of memberships are making 6 figures per year - with 5.26% making 7 figures.

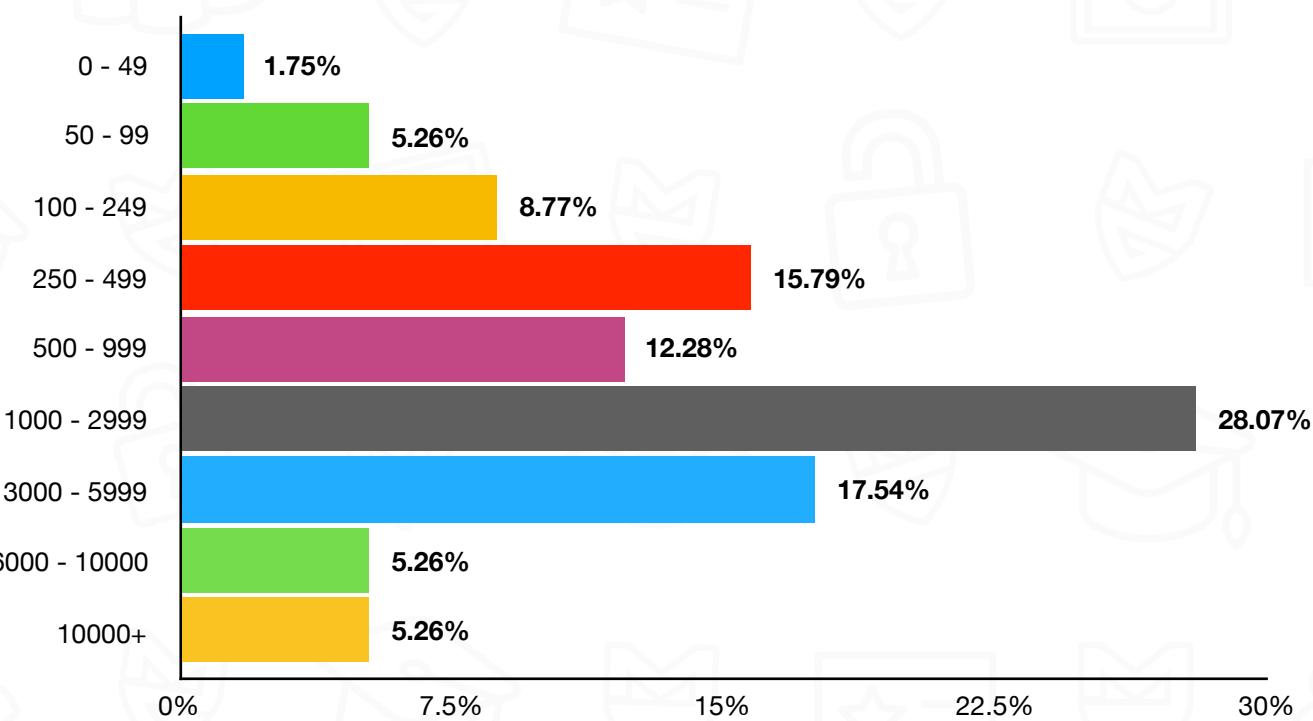
This rises to just over 60% for memberships over 3 years old making 6 figures and drops to 31.82% for memberships less than 3 years old. However the percentage of "younger" memberships hitting 7 figures is actually higher - with 9.09% making over a million dollars a year in revenue, compared to just 2.86% of older memberships.

As would be expected, member numbers (both active and all-time) correlate almost directly with revenue. i.e. memberships that get more new members every year make more money and have more total active members.

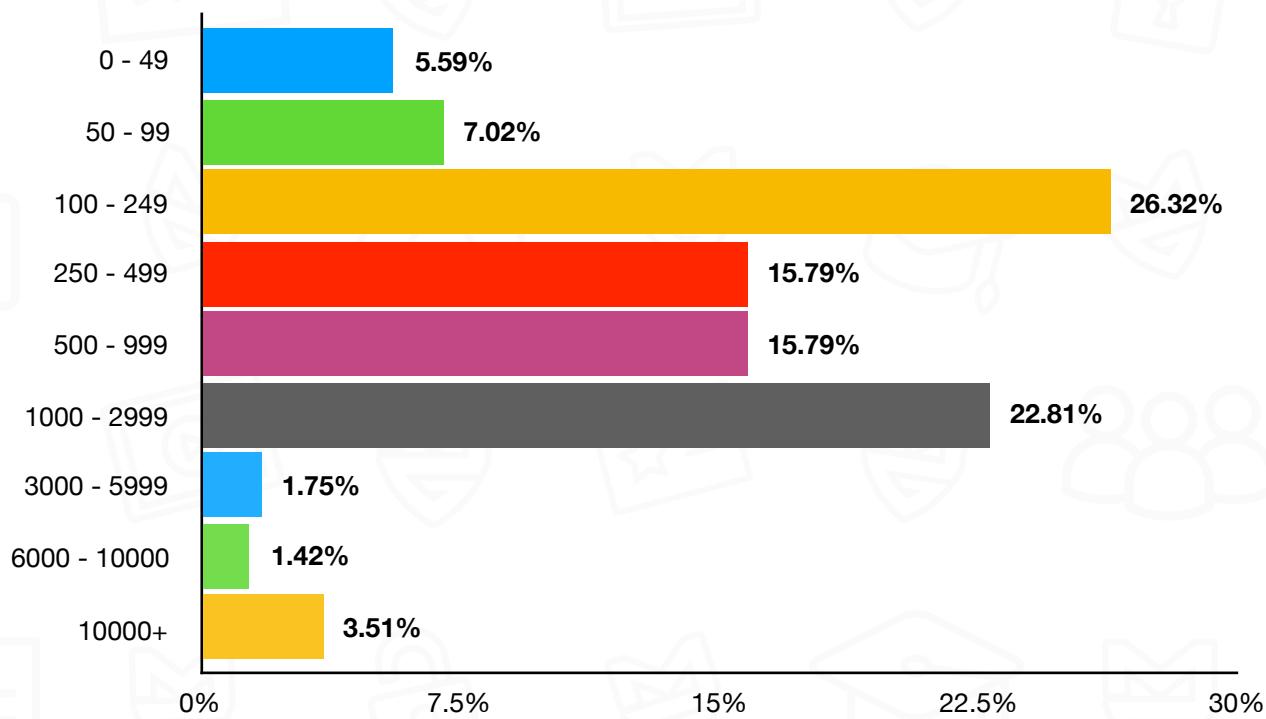
63.43% of memberships said that their income had increased in the past 12 months

*Note: In order to give a clearer benchmark for typical memberships - revenue and sales performance has been narrowed down to memberships over 12 months old which form the majority (50%+) focus of the business.*

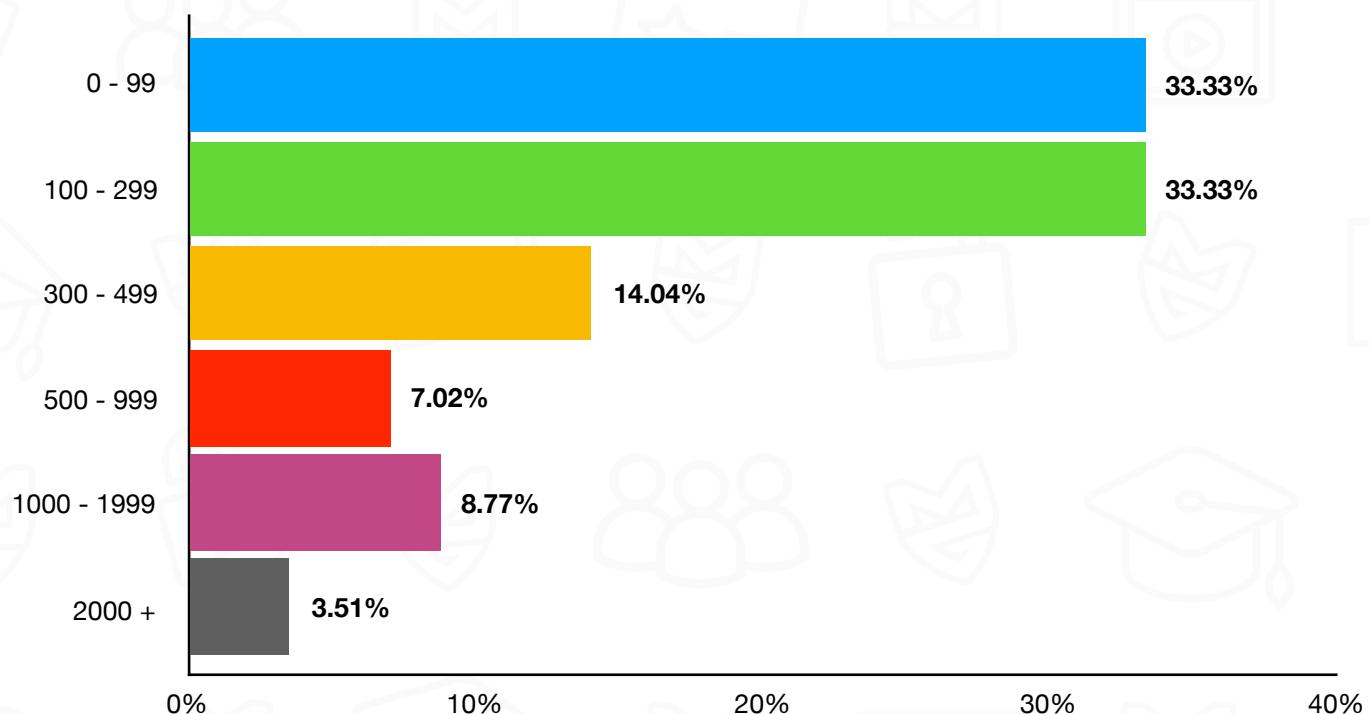
## HOW MANY MEMBERS HAVE YOU HAD IN TOTAL OVER THE LIFETIME OF YOUR MEMBERSHIP?



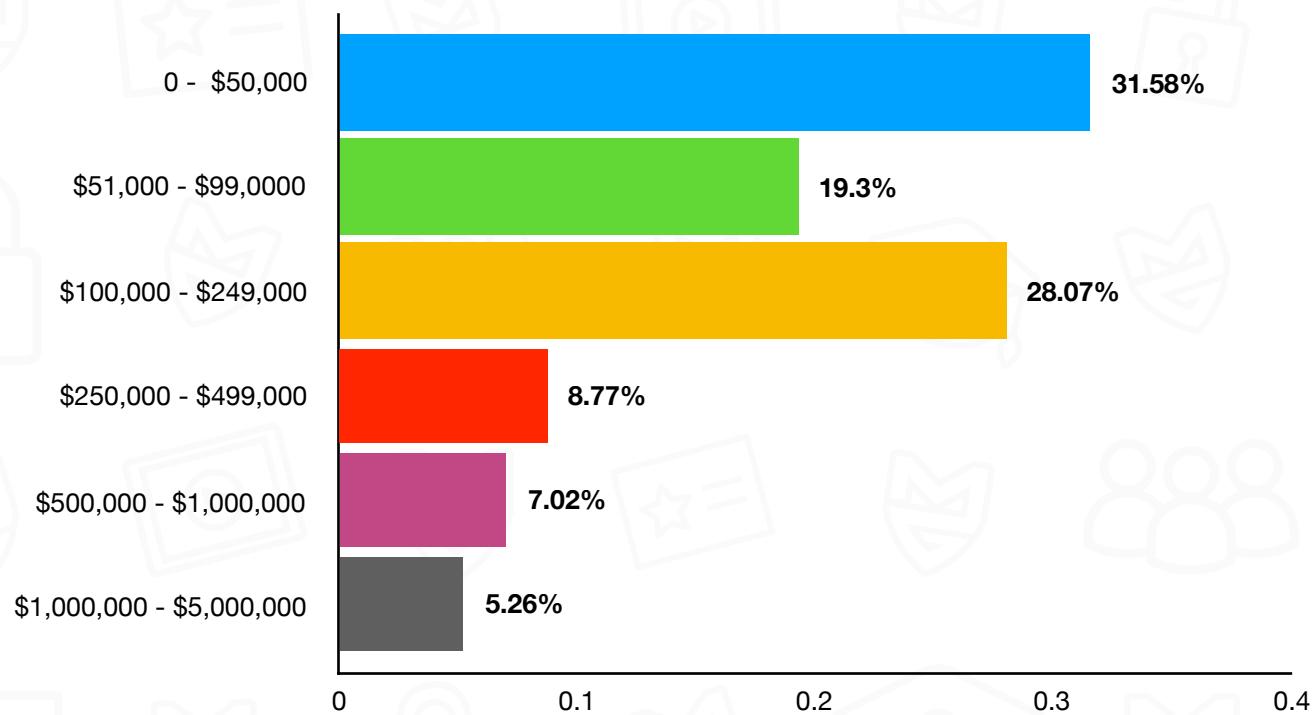
## HOW MANY ACTIVE MEMBERS DO YOU CURRENTLY HAVE?



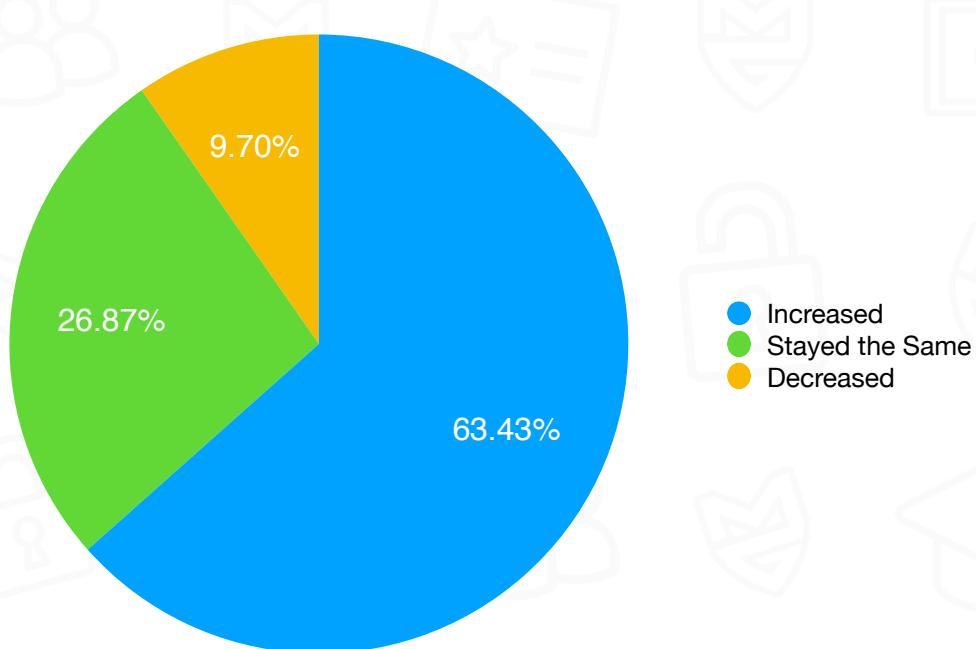
## ON AVERAGE, HOW MANY NEW MEMBERS DO YOU GET EACH YEAR?



## HOW MUCH REVENUE DOES YOUR MEMBERSHIP GENERATE PER YEAR?



## HOW HAS YOUR MEMBERSHIP INCOME CHANGED OVER THE LAST 12 MONTHS?



# MEMBER RETENTION

CHURN RATE, AVERAGE MEMBER TENURE, AND HOW MEMBERSHIPS ARE HANDLING CANCELLATIONS

## SUMMARY

Over two-thirds of memberships have a churn rate of less than 10%, with 44% achieving churn of less than 5%.

Despite 5% and under widely being considered a great retention rate for online memberships, almost 52% of people achieving this indicated that they were not satisfied and wanted it to be even lower.

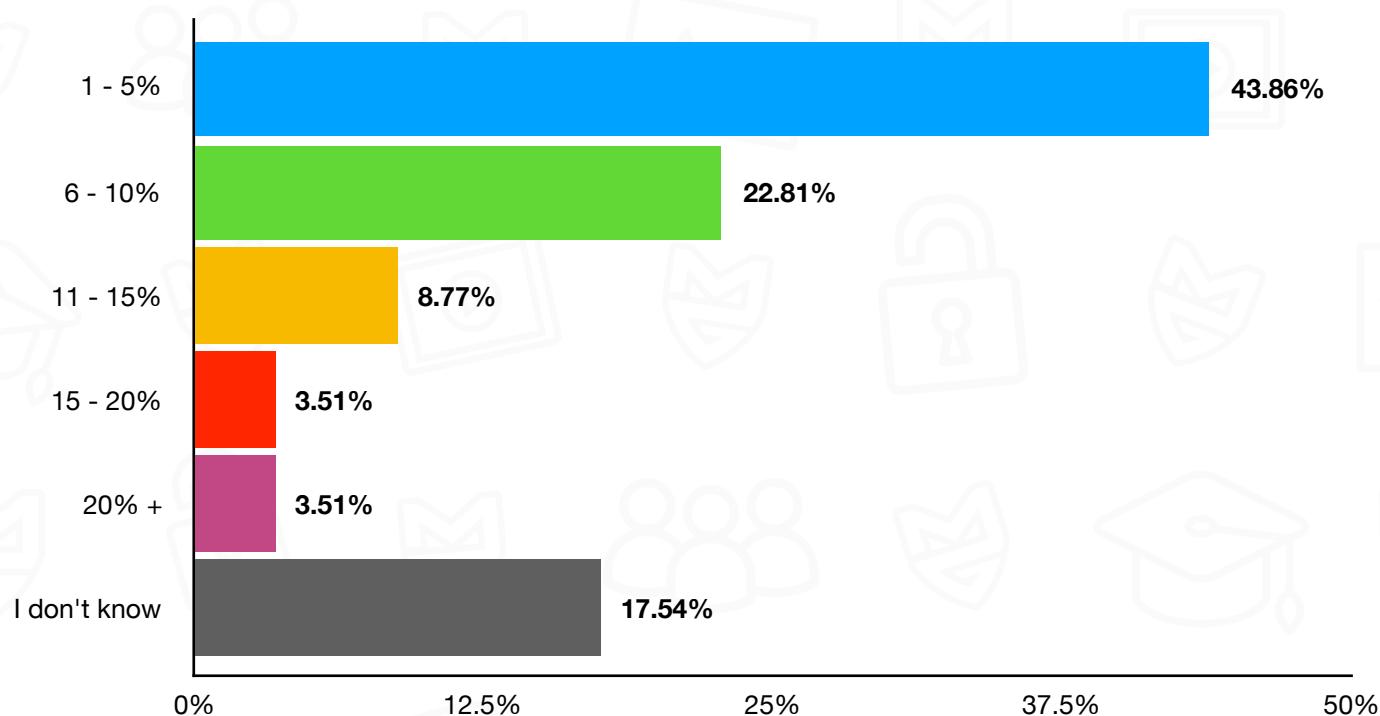
The much-touted myth that people only stay in memberships for 3 months on average has been firmly discredited by the fact **96% of members stay for more than 3 months**.

In fact, over **63% of members stay subscribed for more than a year**, with **18.37% subscribing for more than 2 years**.

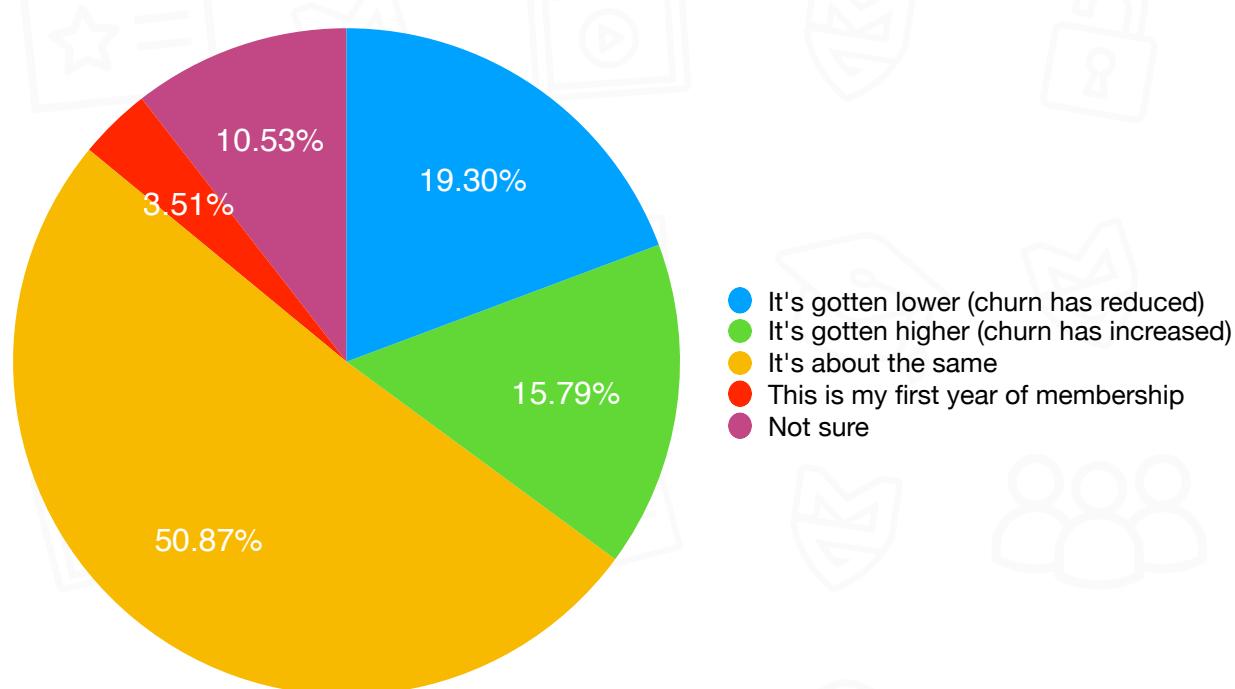
A worryingly high number of membership owners have no grasp on KPIs such as churn (17.54%), average subscription length (14.04%), or changes to member lifetime value (25%) and retention (10.53%)

**Note:** References to subscription length account for only data where average member tenure is known, and excludes participants who stated that they did not know this information.

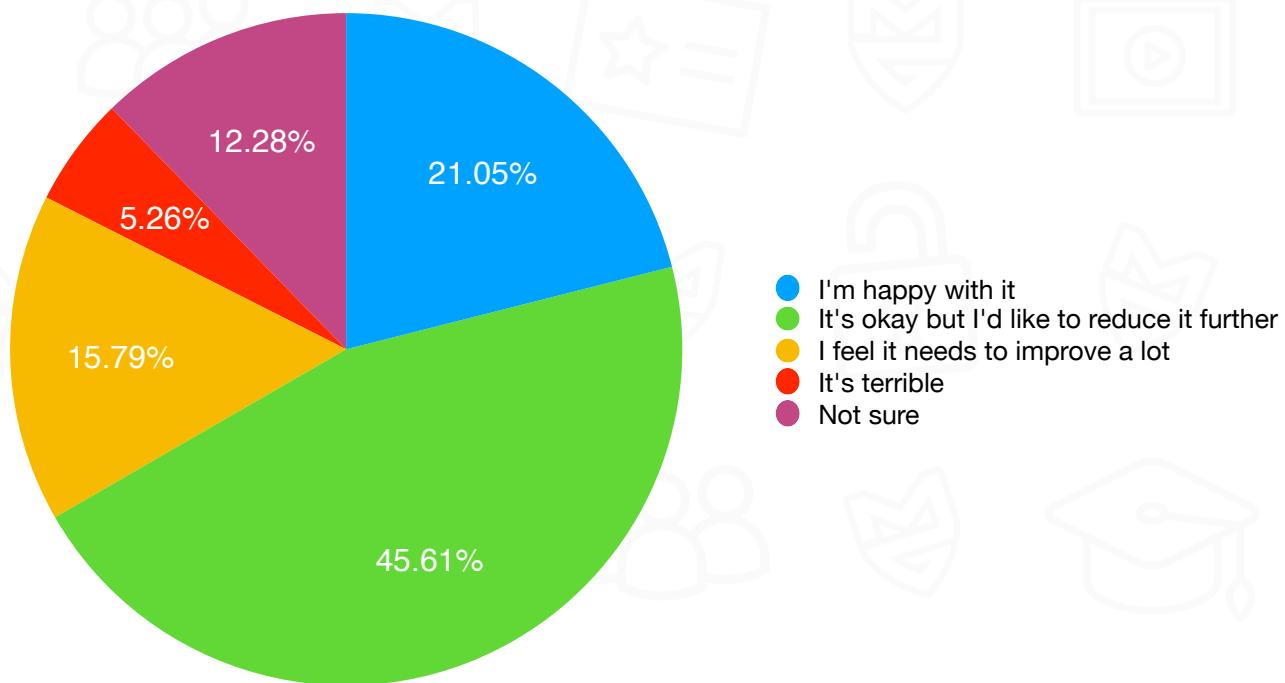
## WHAT IS YOUR AVERAGE MONTHLY CHURN RATE?



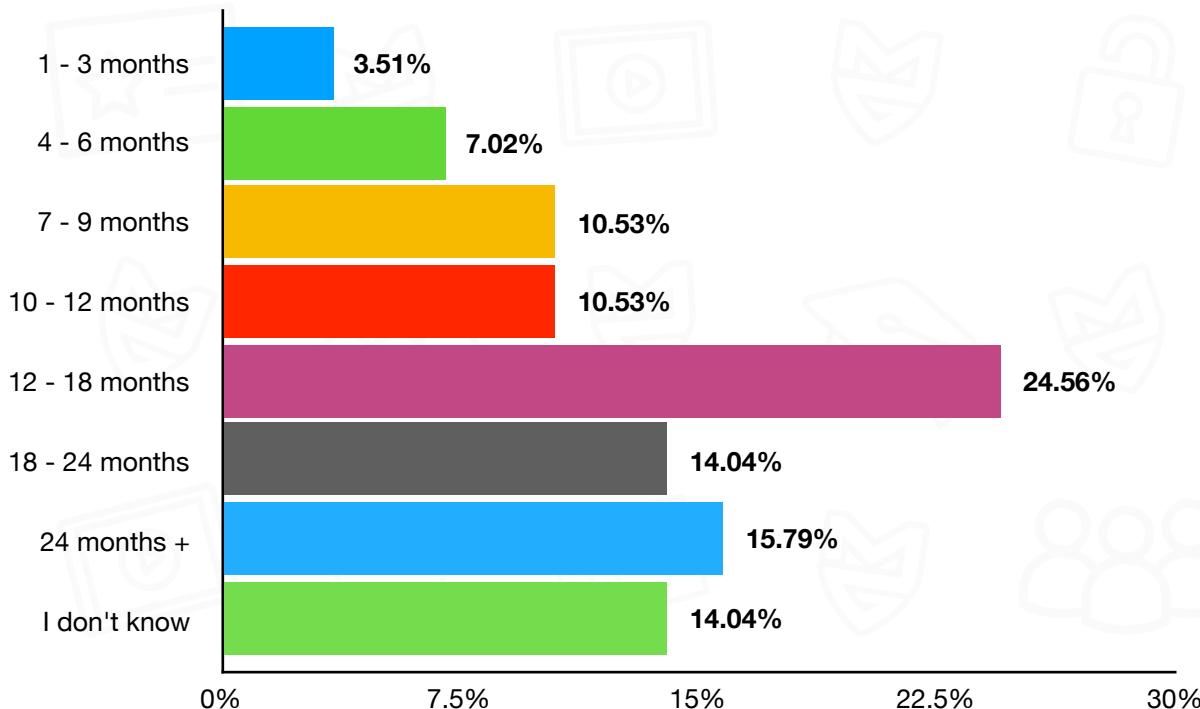
## HOW HAS YOUR CHURN RATE CHANGED OVER THE LAST 12 MONTHS?



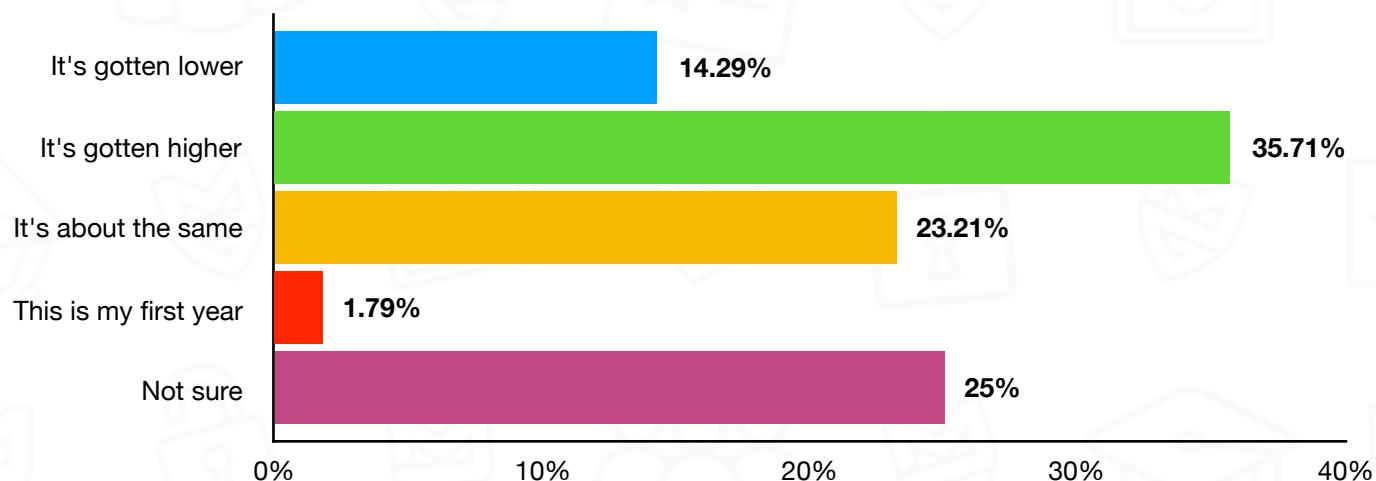
## HOW DO YOU FEEL ABOUT YOUR CURRENT CHURN RATE?



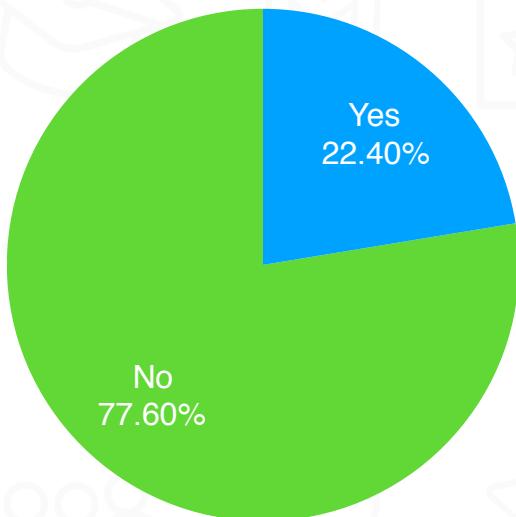
## HOW LONG DOES THE AVERAGE MEMBER STAY SUBSCRIBED?



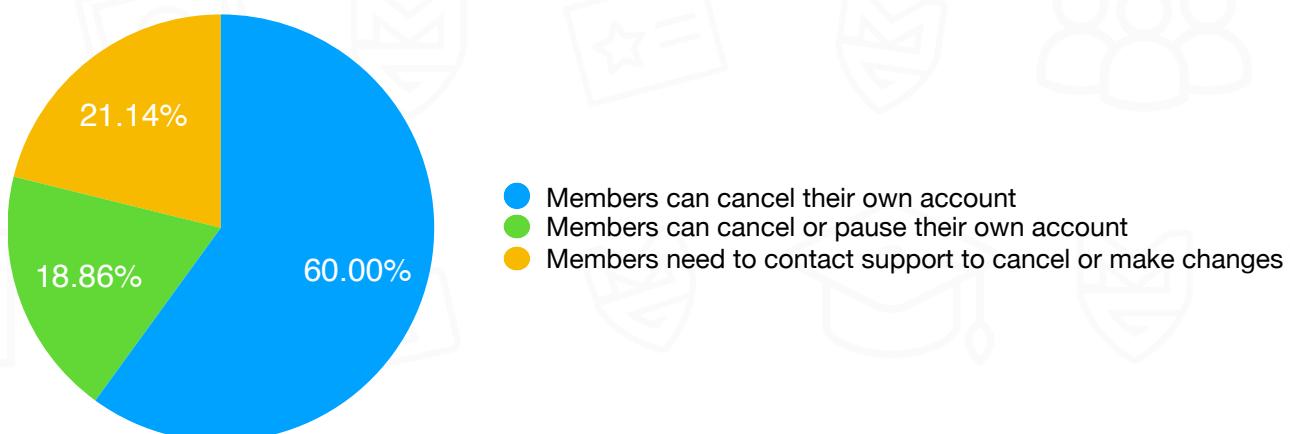
## HOW HAS YOUR AVERAGE MEMBER LIFETIME VALUE CHANGED OVER THE LAST 12 MONTHS?



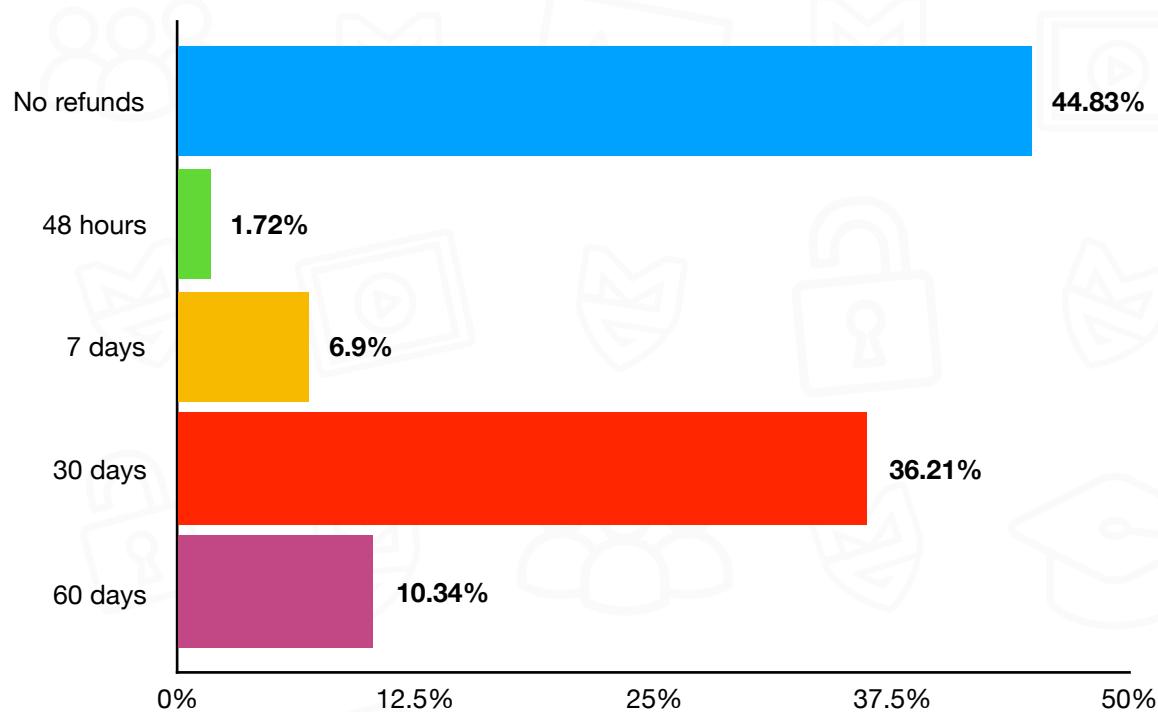
## DO YOU ALLOW MEMBERS TO PAUSE THEIR SUBSCRIPTION?



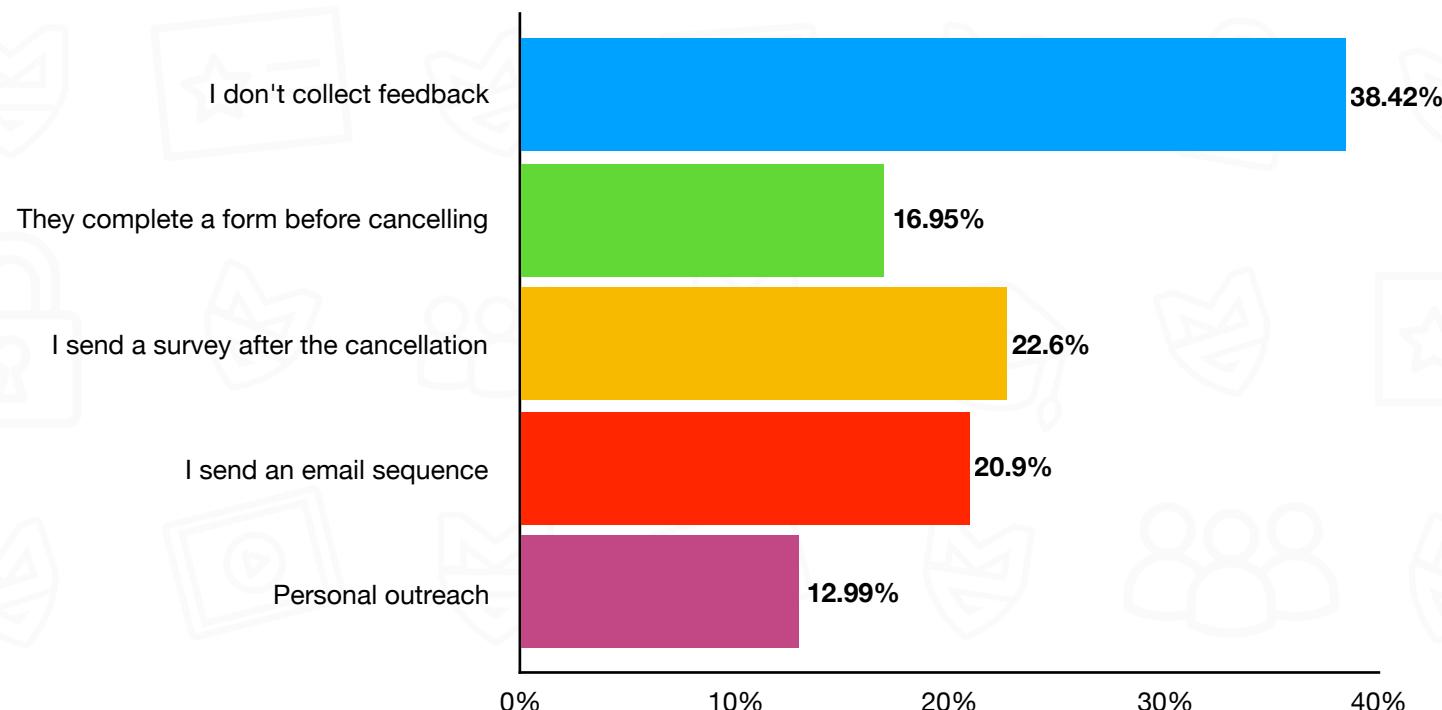
## DO YOU ALLOW MEMBERS TO 'SELF SERVE' AND MANAGE THEIR OWN ACCOUNTS?



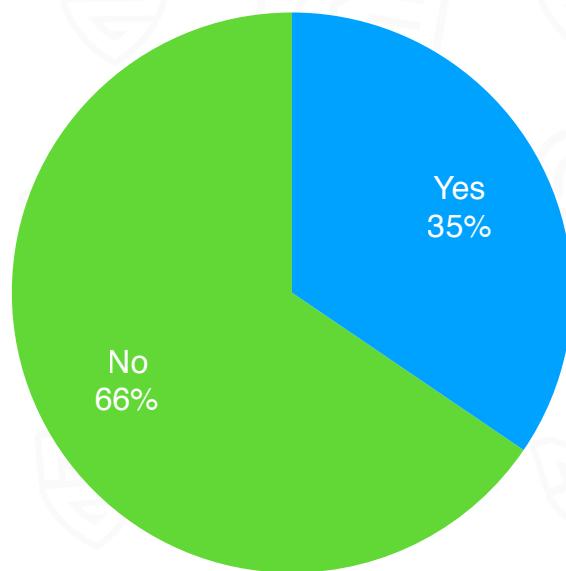
## WHAT IS YOUR REFUND POLICY?



## HOW DO YOU GET FEEDBACK FROM YOUR CANCELLED MEMBERS?



## DO YOU CONDUCT FOLLOW-UP CAMPAIGNS TO ‘WIN BACK’ MEMBERS WHO HAVE PREVIOUSLY CANCELLED THEIR ACCOUNT?



# STRATEGY

## ENROLMENT MODELS AND ADDITIONAL REVENUE STREAMS

### SUMMARY

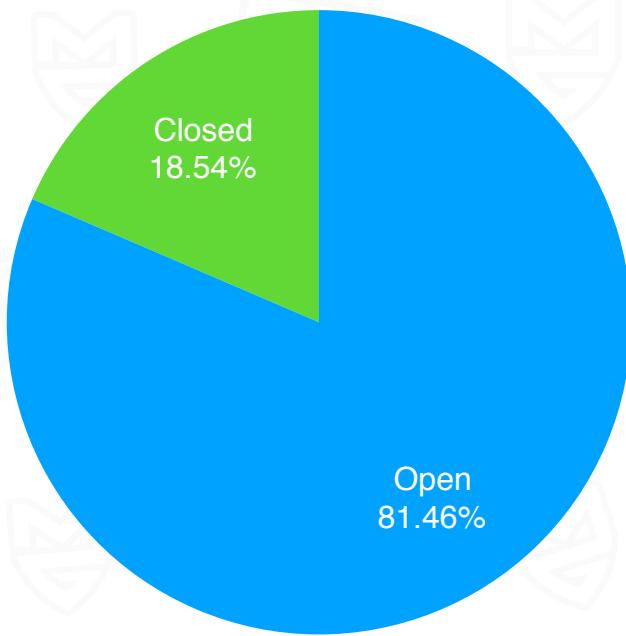
Over 95% of membership owners have additional revenue streams in their business, with the most common being coaching and consultancy, online courses and other digital products

More than 75% of membership owners plan to add new revenue streams to their business in the next year. Courses, digital products and live events are the most popular choices for doing so.

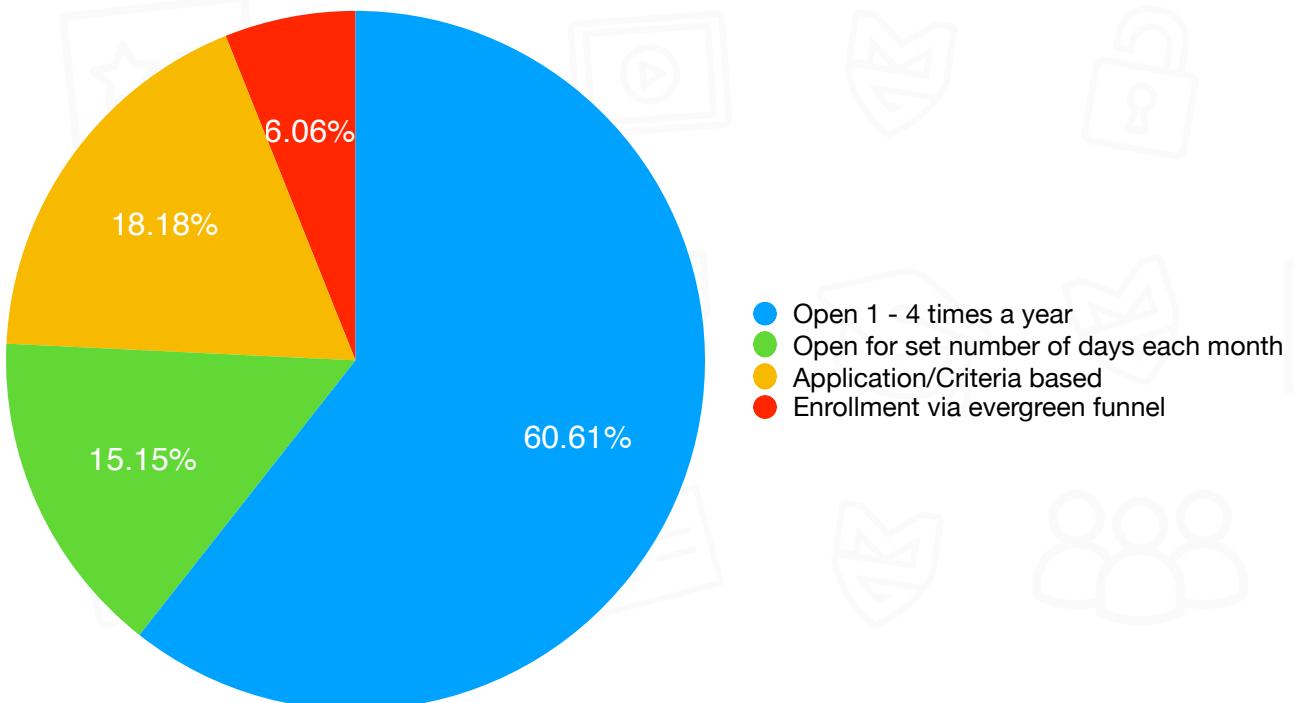
48.74% of memberships that are **always open** are making more than 6 figures, compared to 42.86% of memberships that follow a **closed door** model. However slightly more closed door memberships are making 7 figures - 9.26% compared to 4.35% for always open memberships.

Differences between churn rate, engagement rate and pretty much every other metric were marginal between open memberships and closed memberships, suggesting the choice of model has **little bearing on important KPIs**.

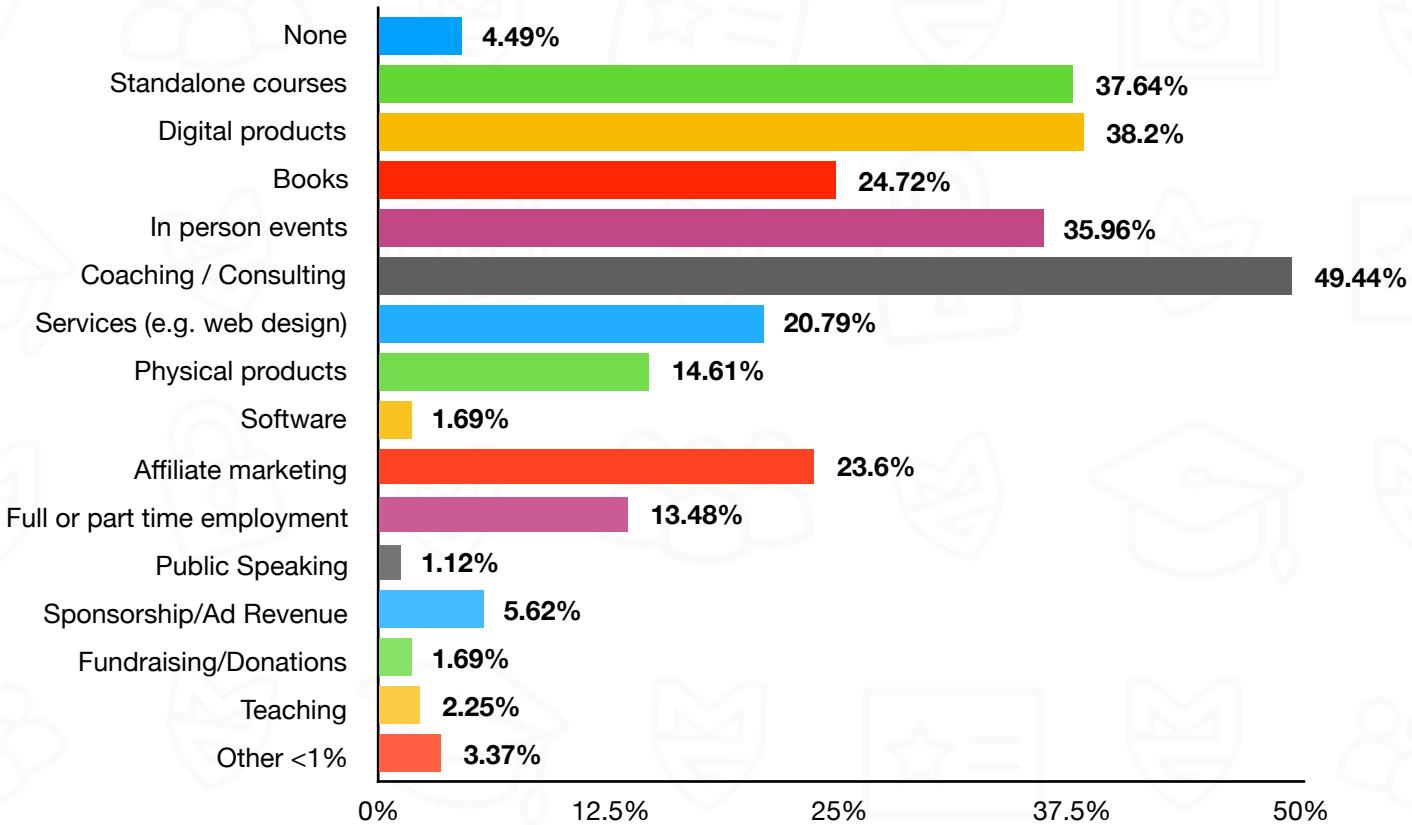
## DO YOU HAVE AN 'ALWAYS OPEN' OR A 'CLOSED DOOR' MODEL?



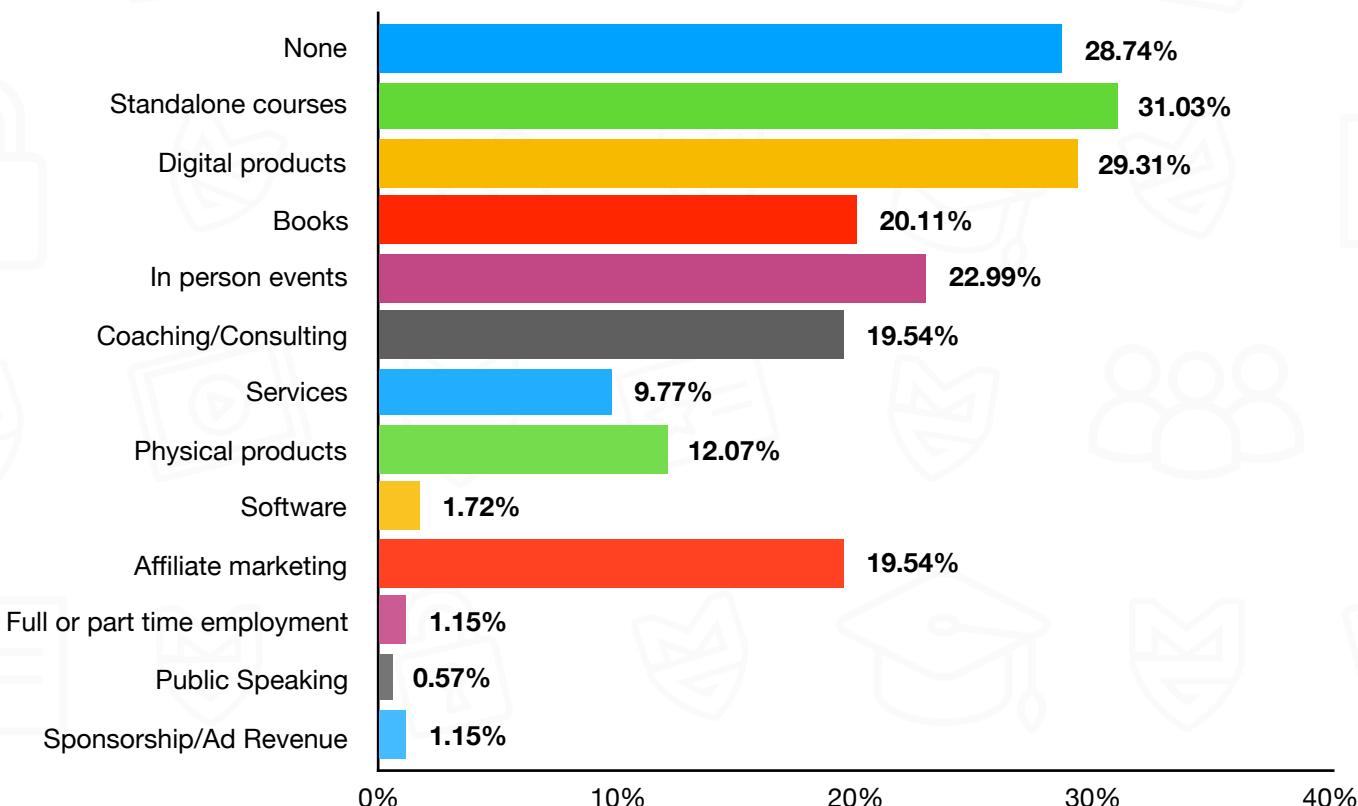
## BREAKDOWN OF ENROLMENT STRATEGIES USED BY 'CLOSED DOOR' MEMBERSHIPS:



## WHAT OTHER SOURCES OF REVENUE DO YOU HAVE IN YOUR BUSINESS?



## ARE YOU PLANNING TO ADD ANY ADDITIONAL REVENUE STREAMS OVER THE NEXT 12 MONTHS?



# PRICING

HOW MUCH ARE PEOPLE CHARGING AND WHAT PRICING MODELS THEY'RE USING

## SUMMARY

**44.64% of B2B memberships charge between \$25-49 per month, with 23.32% charging \$50-99.**

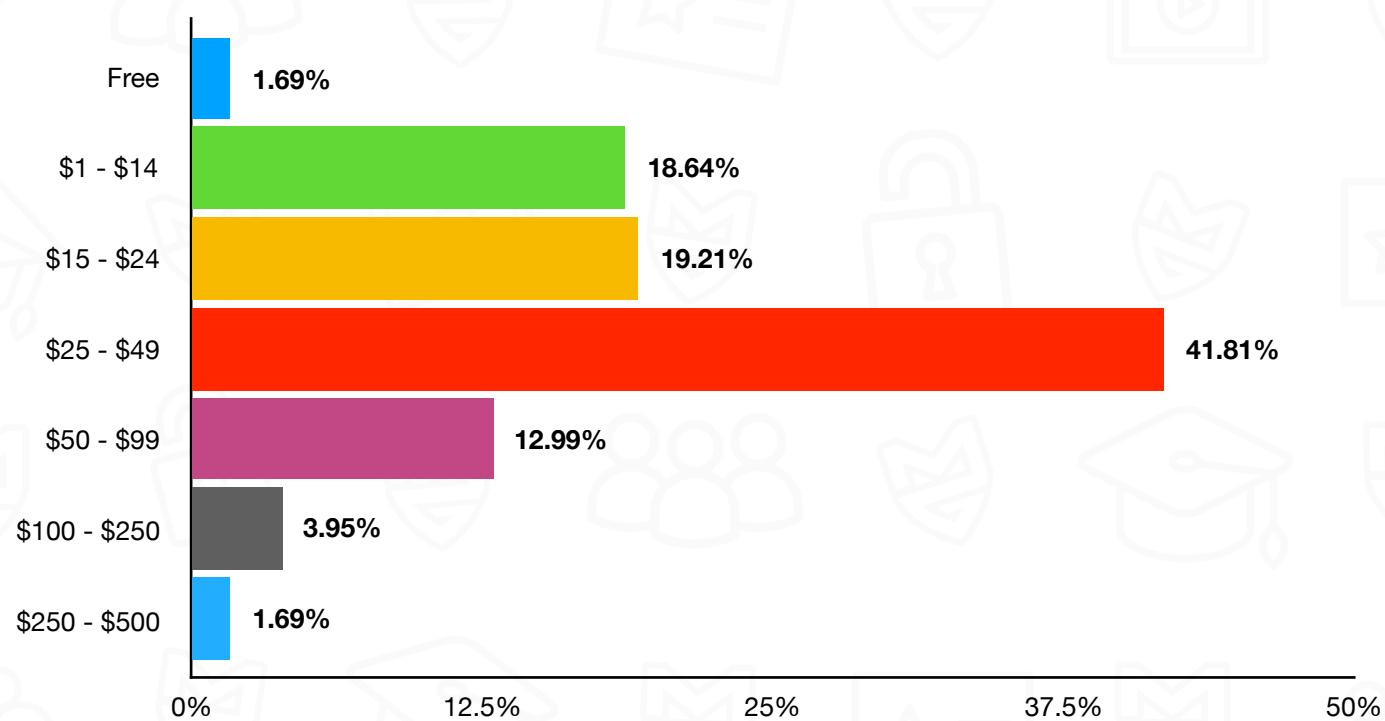
**43.04% of B2C memberships charge \$25-\$49 per month, with 22.78% charging \$15-\$24 per month and 21.52% charging \$1 to \$14 per month. Only 12% charge more than \$49 per month.**

Around 57% of memberships offer multiple pricing options (i.e. monthly, annual, quarterly etc) - with monthly + annual being the significantly more popular combination (85% of all memberships with multiple options)

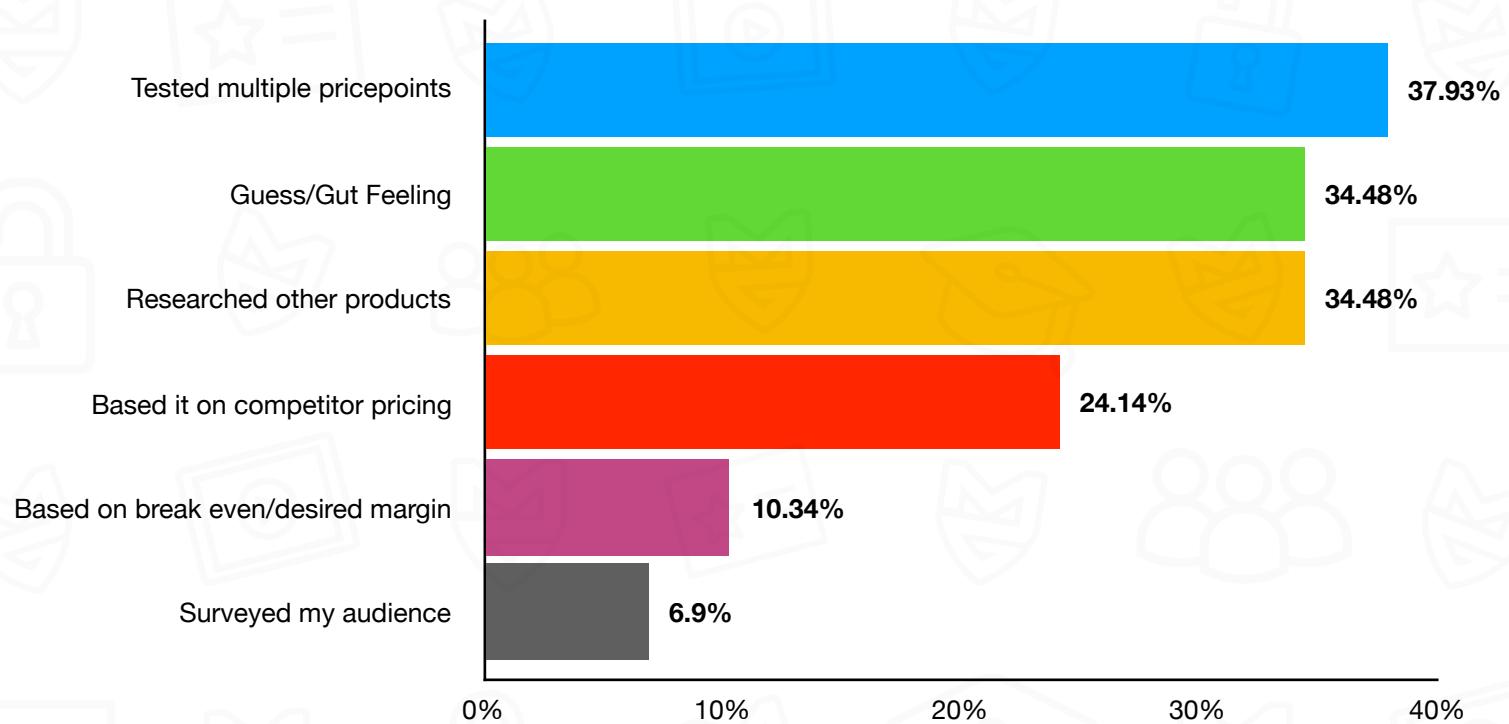
Higher price doesn't necessarily mean more revenue. While the much higher pricing tiers (over \$100 per month) have two-thirds of memberships earning more than 6 figures; memberships charging \$50-99 per month actually make less than those at lower price points.

Only 28% of memberships in the \$50-99 bracket make over 6 figures, compared to 53% in the \$25-\$49 range, 51% in the \$15-\$24 range and 45% in the \$1-\$14 price range.

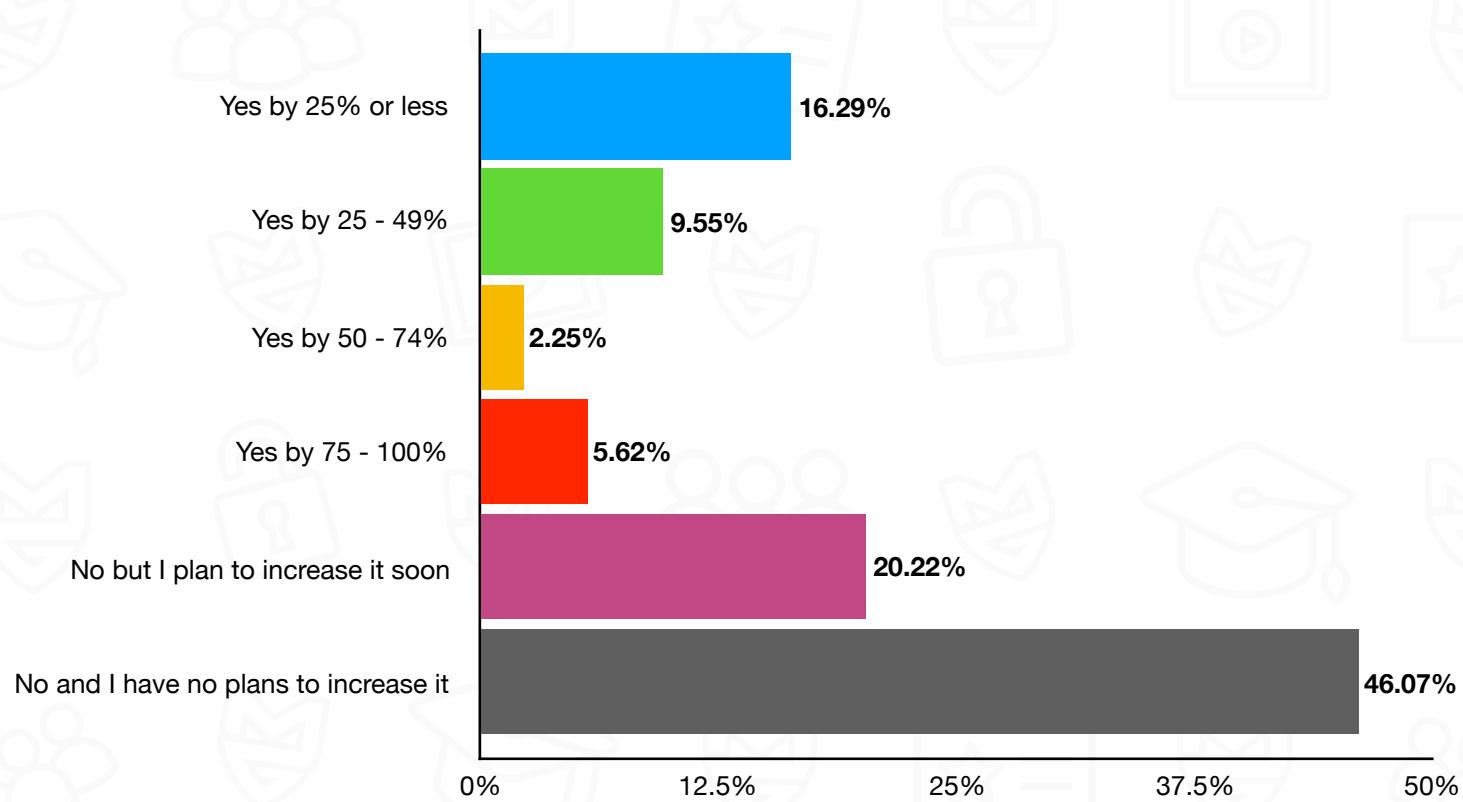
## WHAT PRICE IS YOUR MAIN MEMBERSHIP PER MONTH? (OR PRO RATED ANNUAL)



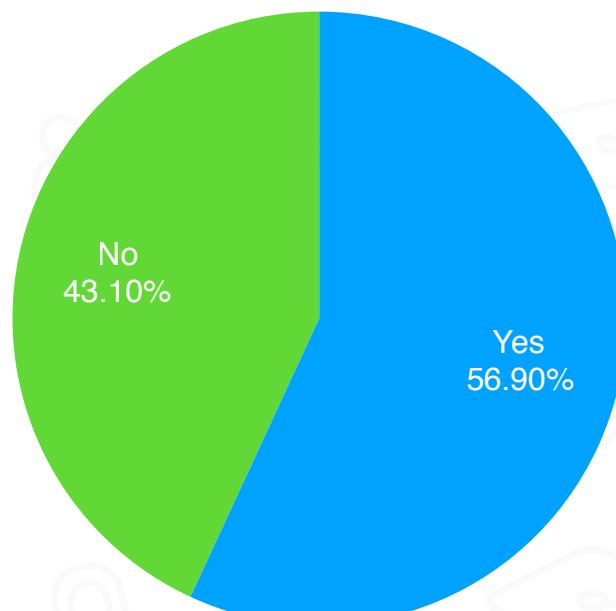
## HOW DID YOU DETERMINE THE PRICE FOR YOUR MEMBERSHIP?



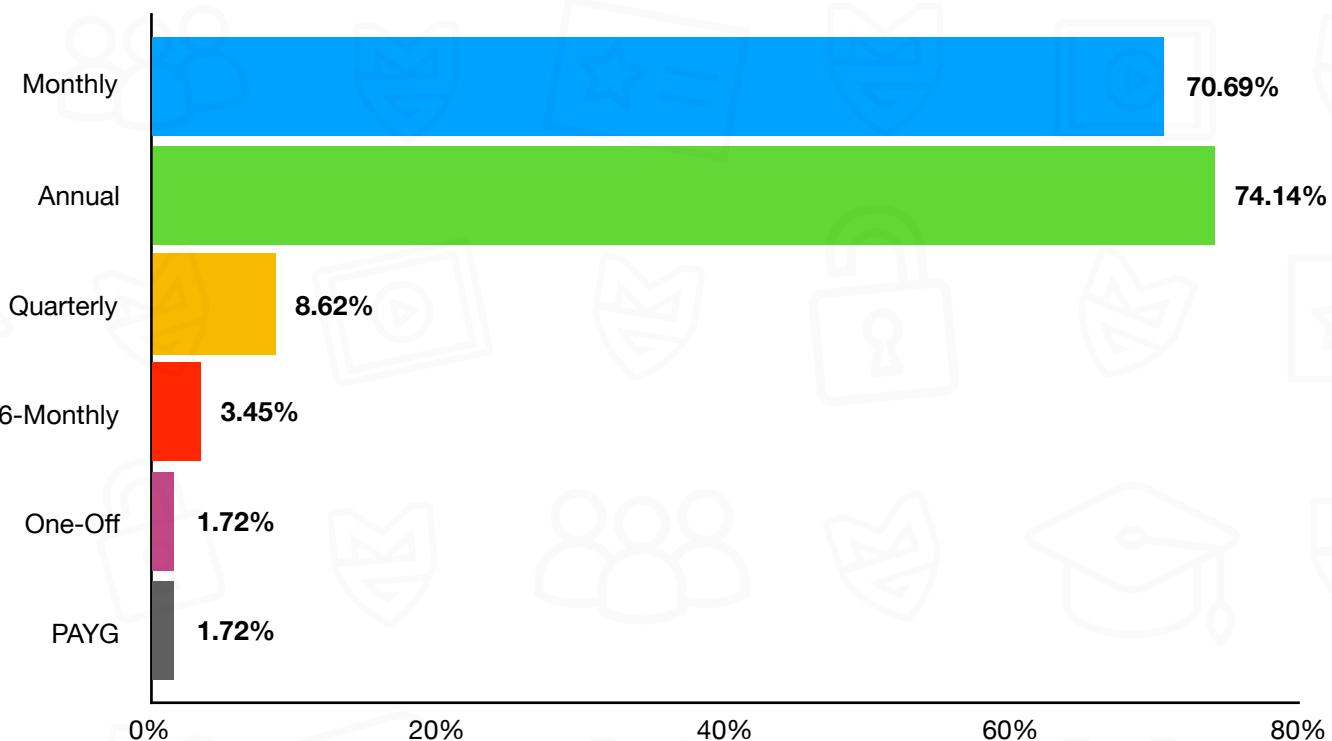
## HAVE YOU INCREASED THE PRICE OF YOUR MEMBERSHIP OVER THE LAST 12 MONTHS?



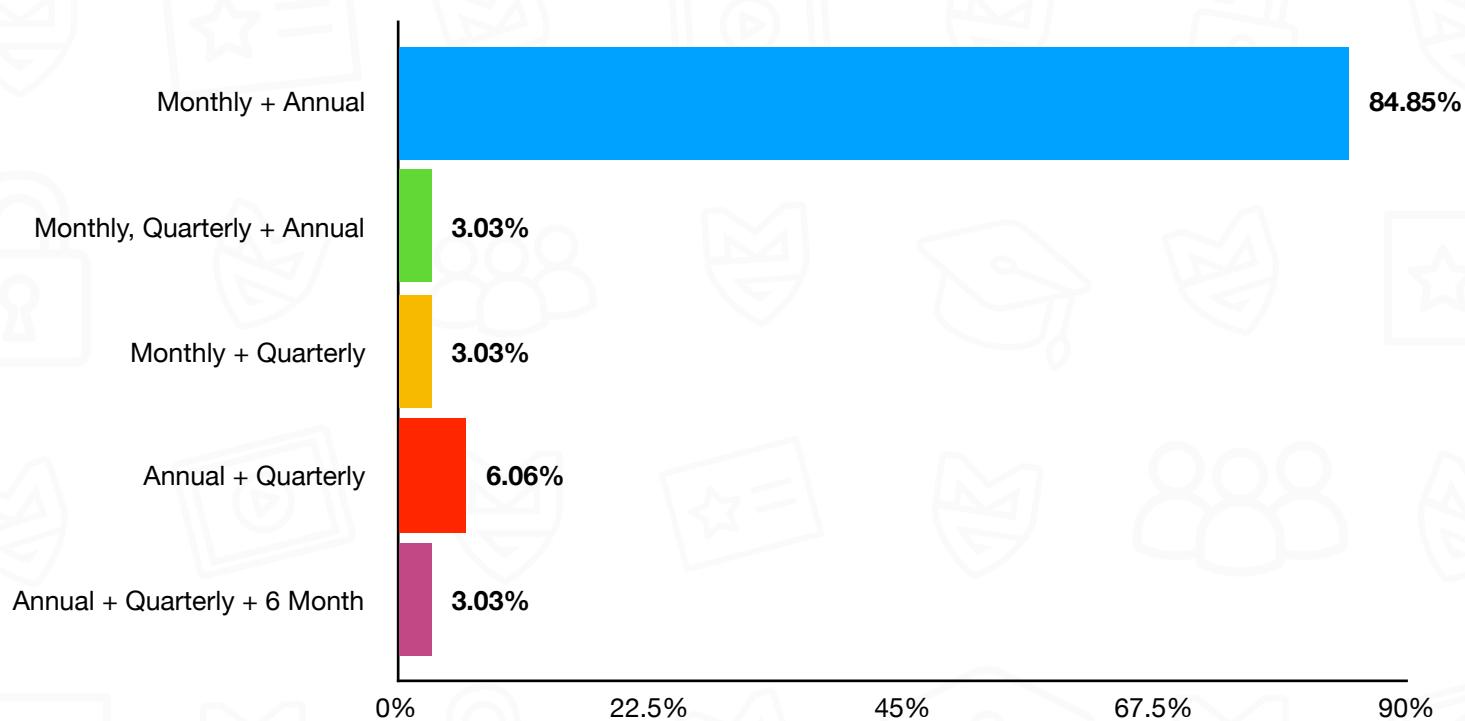
## DO YOU OFFER MULTIPLE PRICING OPTIONS (ANNUAL, MONTHLY)?



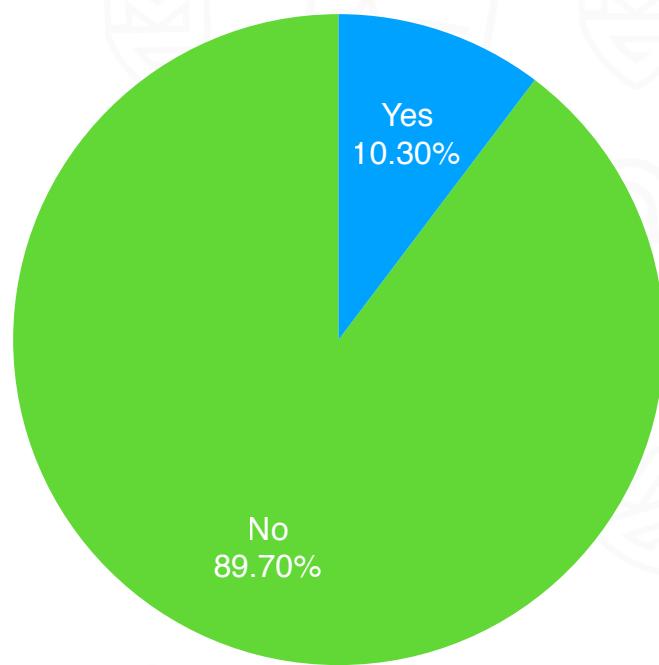
## WHICH PRICING OPTIONS DO YOU OFFER?



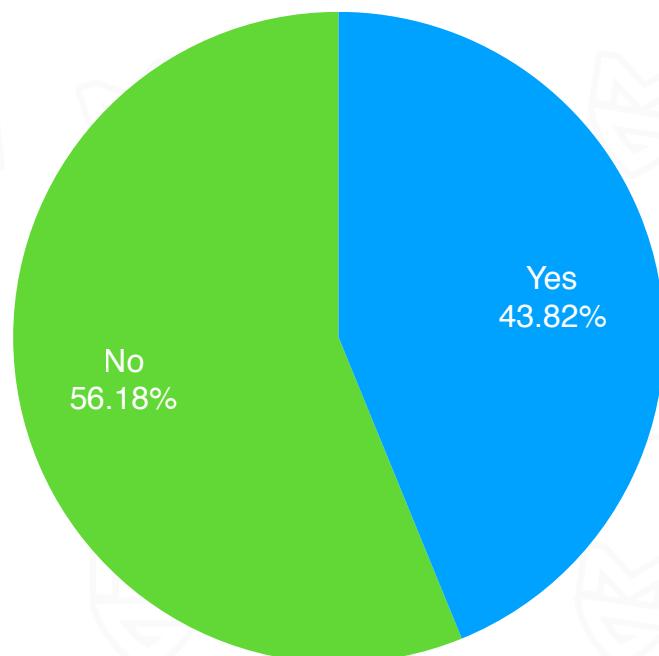
## BREAKDOWN OF PRICING COMBINATIONS WHERE MULTIPLE OPTIONS OFFERED:



## DO YOU OFFER A LIFETIME MEMBERSHIP OPTION?



## DO YOU HAVE MULTIPLE MEMBERSHIP TIERS (I.E. GOLD, SILVER)?



# MEMBER ENGAGEMENT

HOW ENGAGED ARE MEMBERS, AND WHAT'S ON OFFER  
INSIDE THOSE MEMBERSHIPS?

## SUMMARY

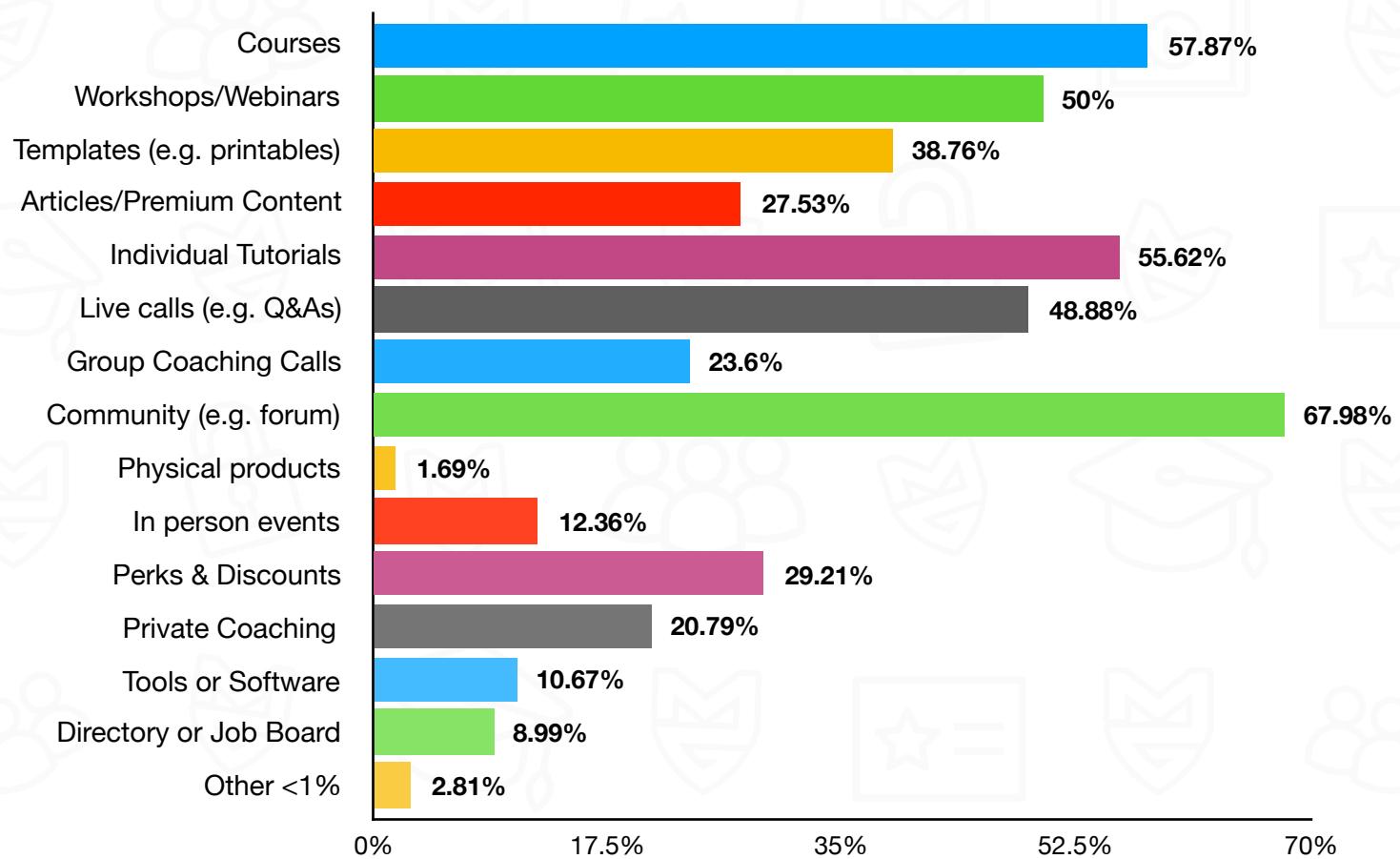
The most common membership deliverables are an **online community** (forum, Facebook group), **courses** and **standalone training/tutorials**. **Webinars/workshops** and **live Q&A calls** are also popular.

There aren't any significant differences in deliverables between highly successful memberships and those not performing as well.

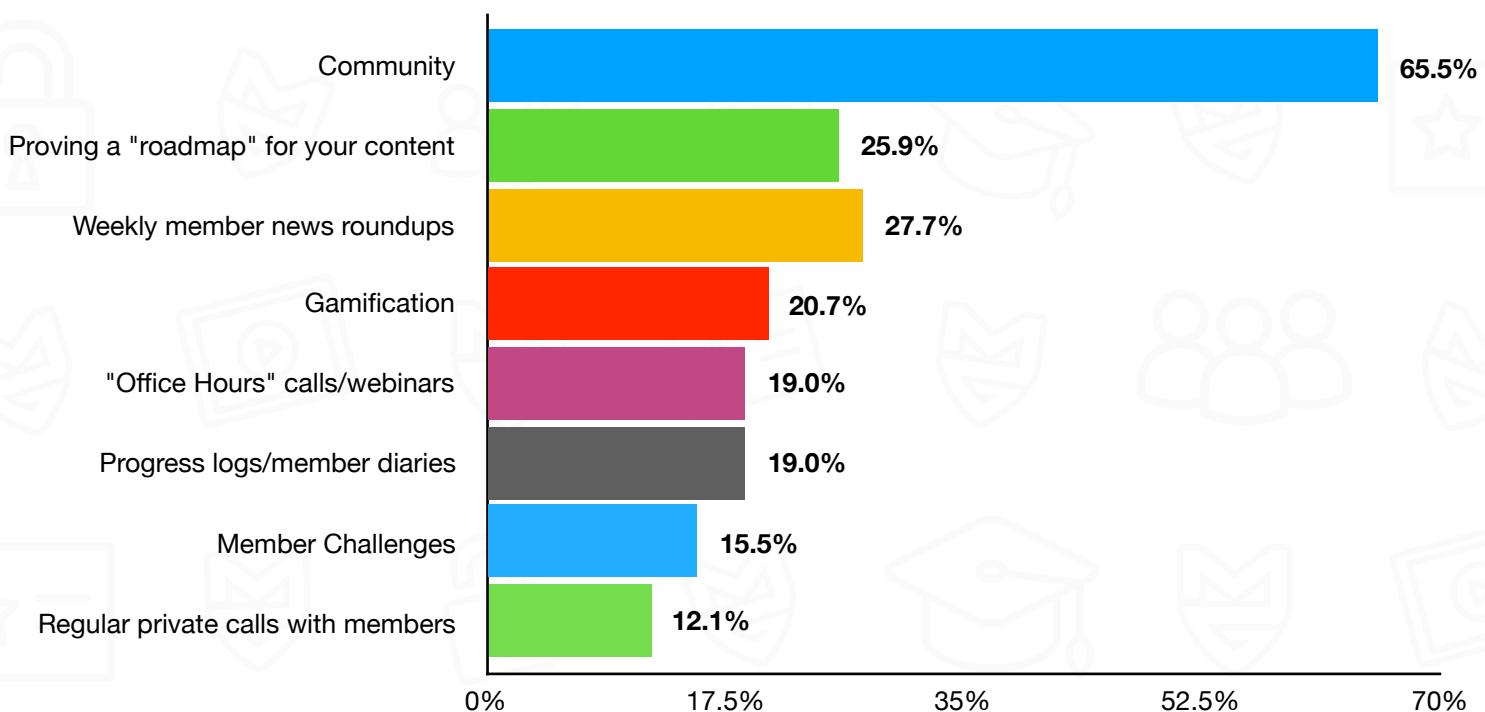
While memberships with a **Facebook group** report higher engagement in their community, they also have a higher amount of membership owners unhappy with the platform (26%), as well as more people reporting a drop in engagement over the past 12 months (19%)

Almost 60% of membership owners are unsatisfied with engagement in their community.

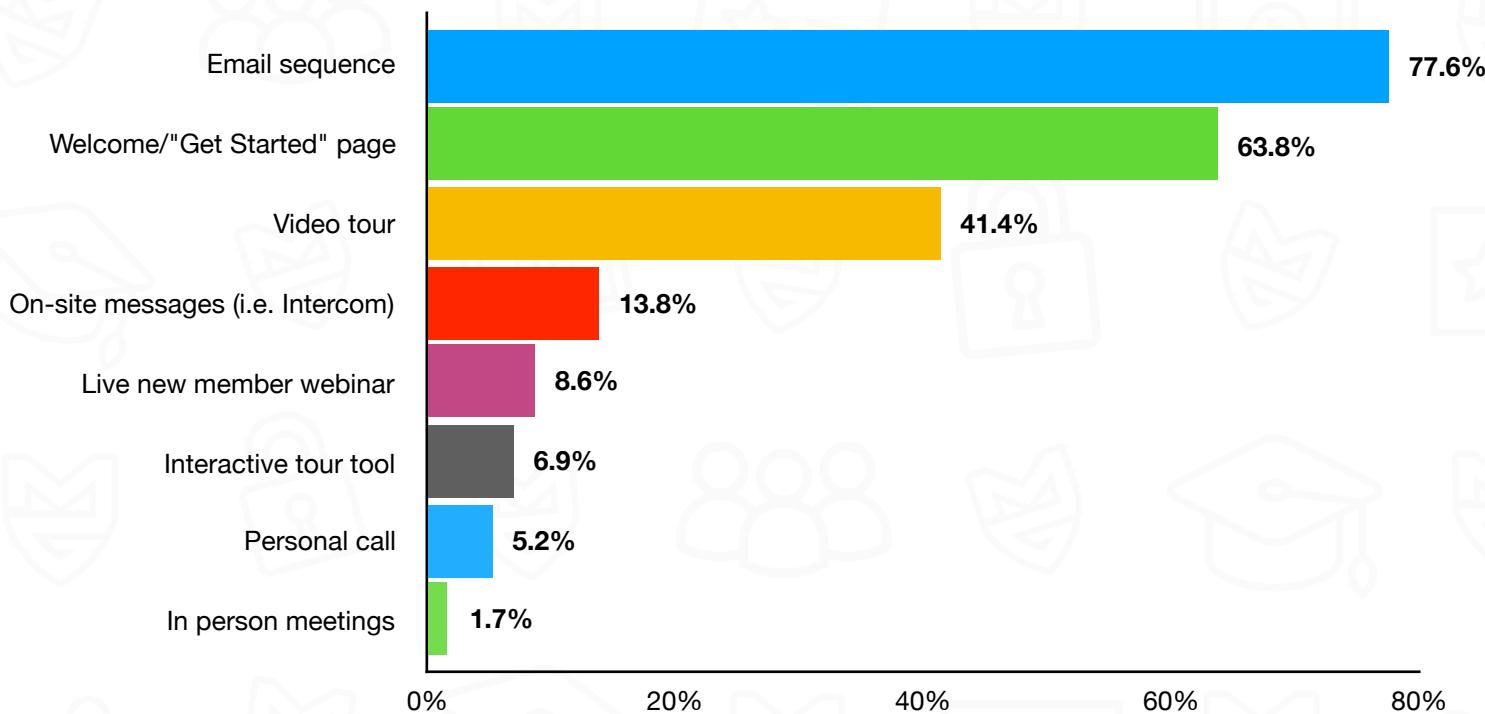
## WHAT ARE THE CORE DELIVERABLES THAT YOUR MEMBERSHIP PROVIDES?



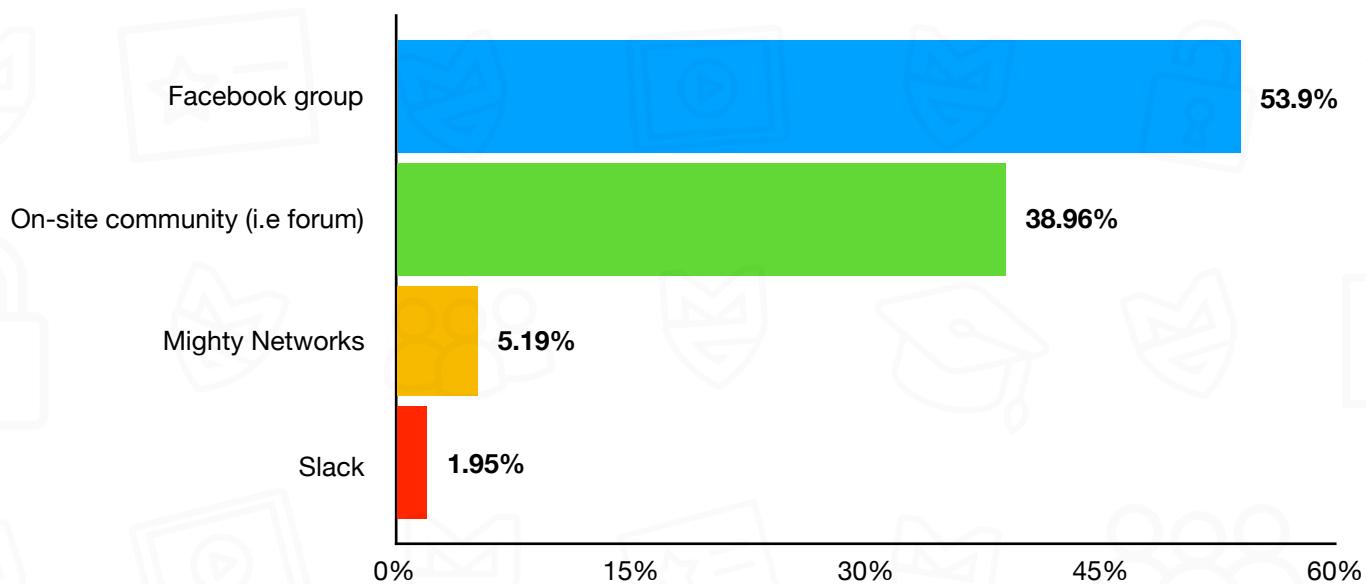
## ASIDE FROM CONTENT, WHAT OTHER WAYS DO KEEP YOUR MEMBERS ENGAGED?



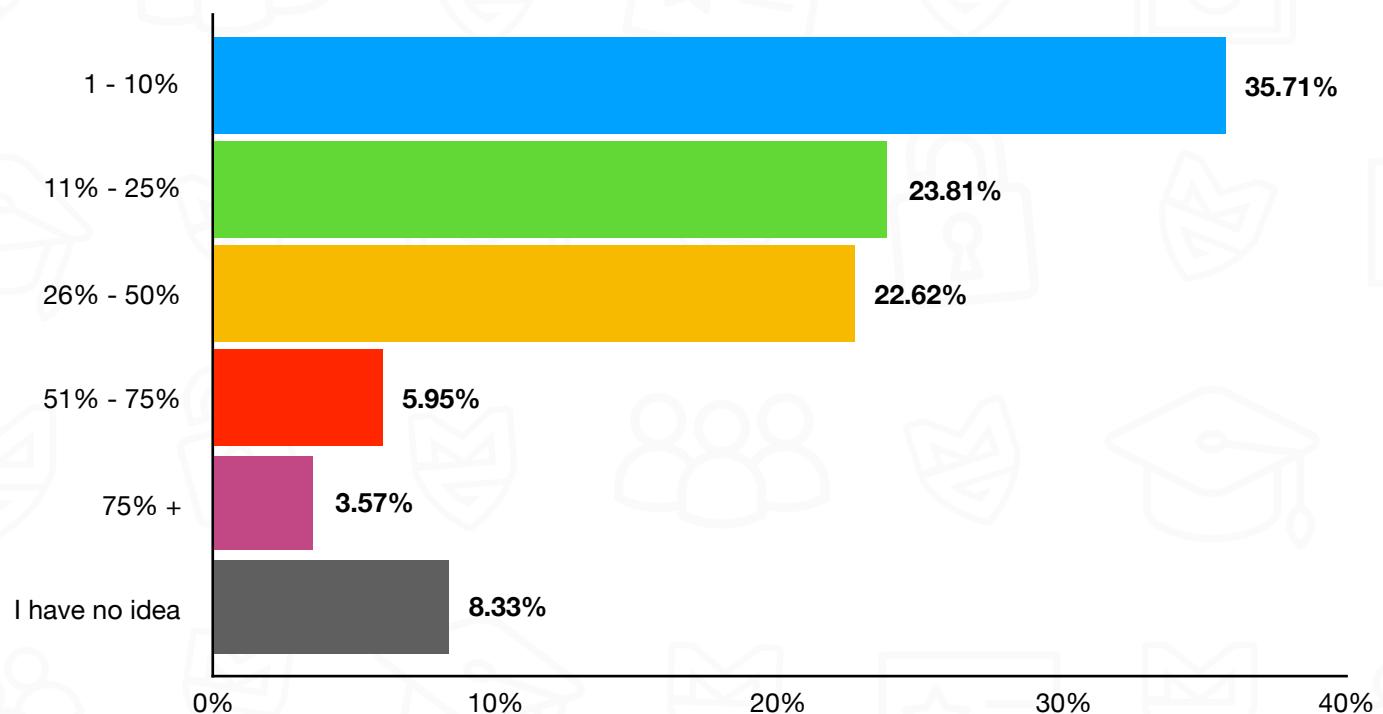
## WHICH OF THE FOLLOWING DO YOU USE FOR "ONBOARDING" NEW MEMBERS?



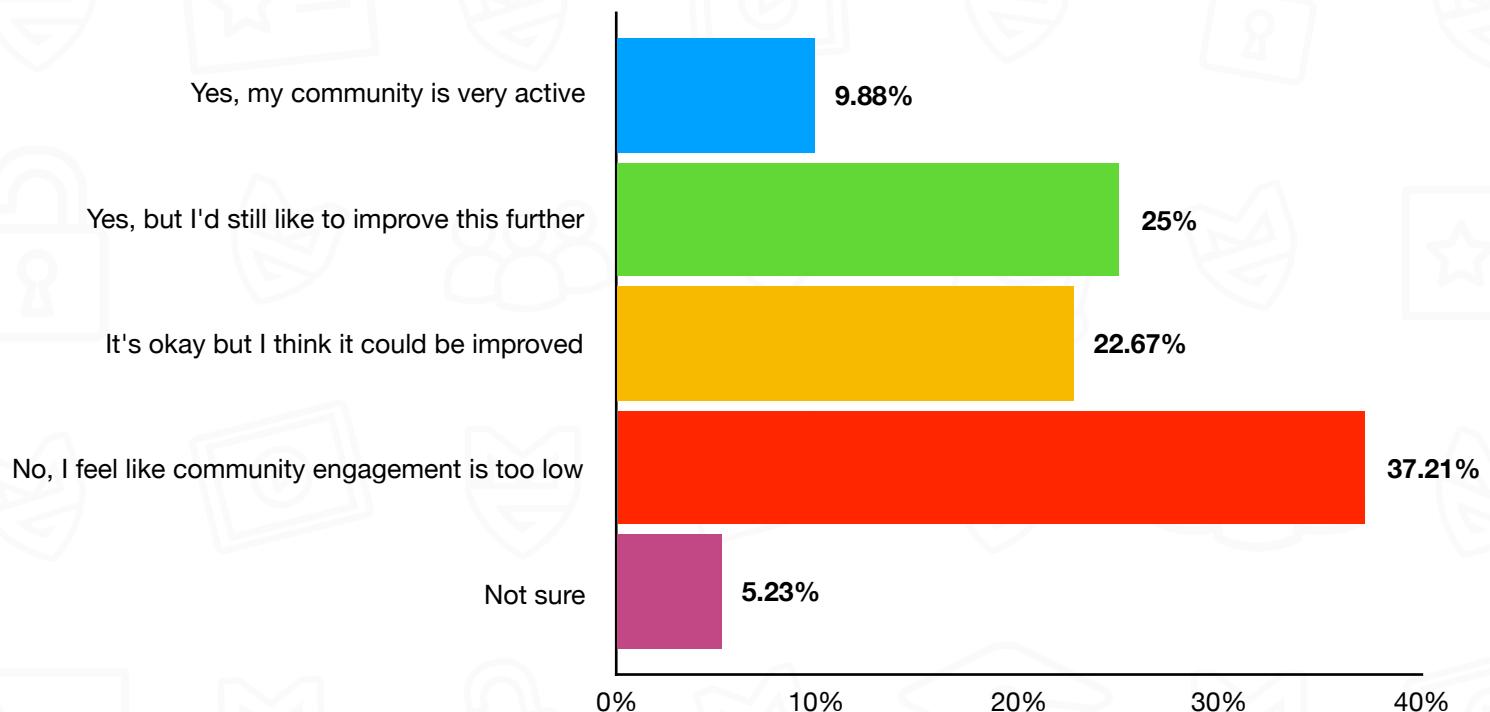
## WHAT KIND OF MEMBERSHIP COMMUNITY DO YOU HAVE?



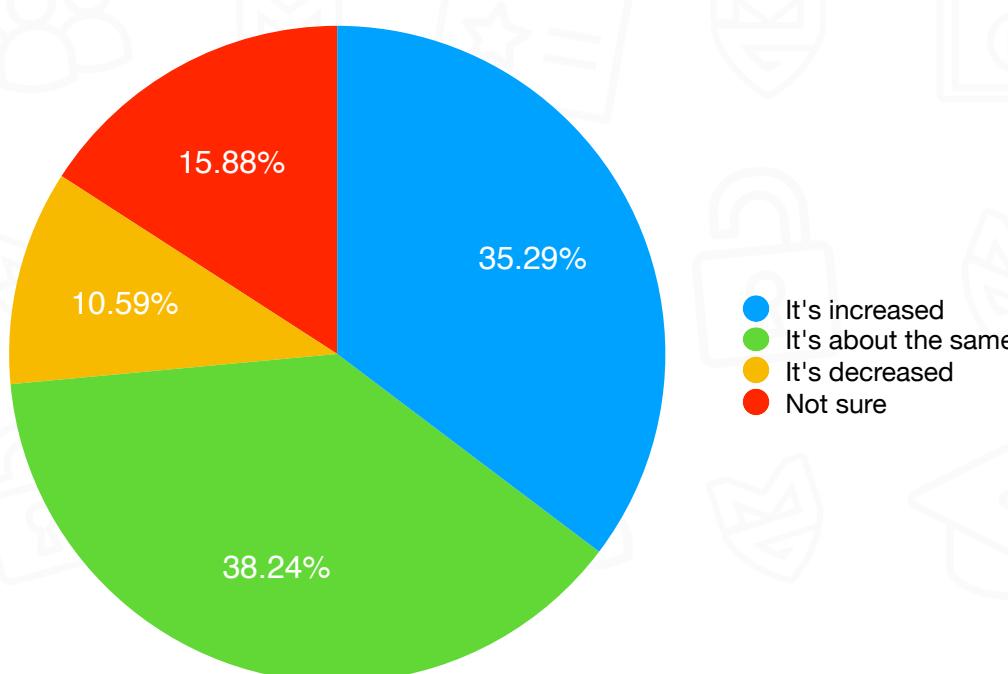
## WHAT PERCENTAGE OF YOUR MEMBERSHIP ACTIVELY ENGAGES IN YOUR COMMUNITY ON AVERAGE?



## ARE YOU HAPPY WITH YOUR LEVELS OF MEMBER ENGAGEMENT?



## HOW HAS MEMBER ENGAGEMENT CHANGED IN THE PAST 12 MONTHS?



# TECH

WHAT SOLUTIONS ARE PEOPLE USING TO RUN THEIR MEMBERSHIPS, AND ARE THEY SATISFIED?

## SUMMARY

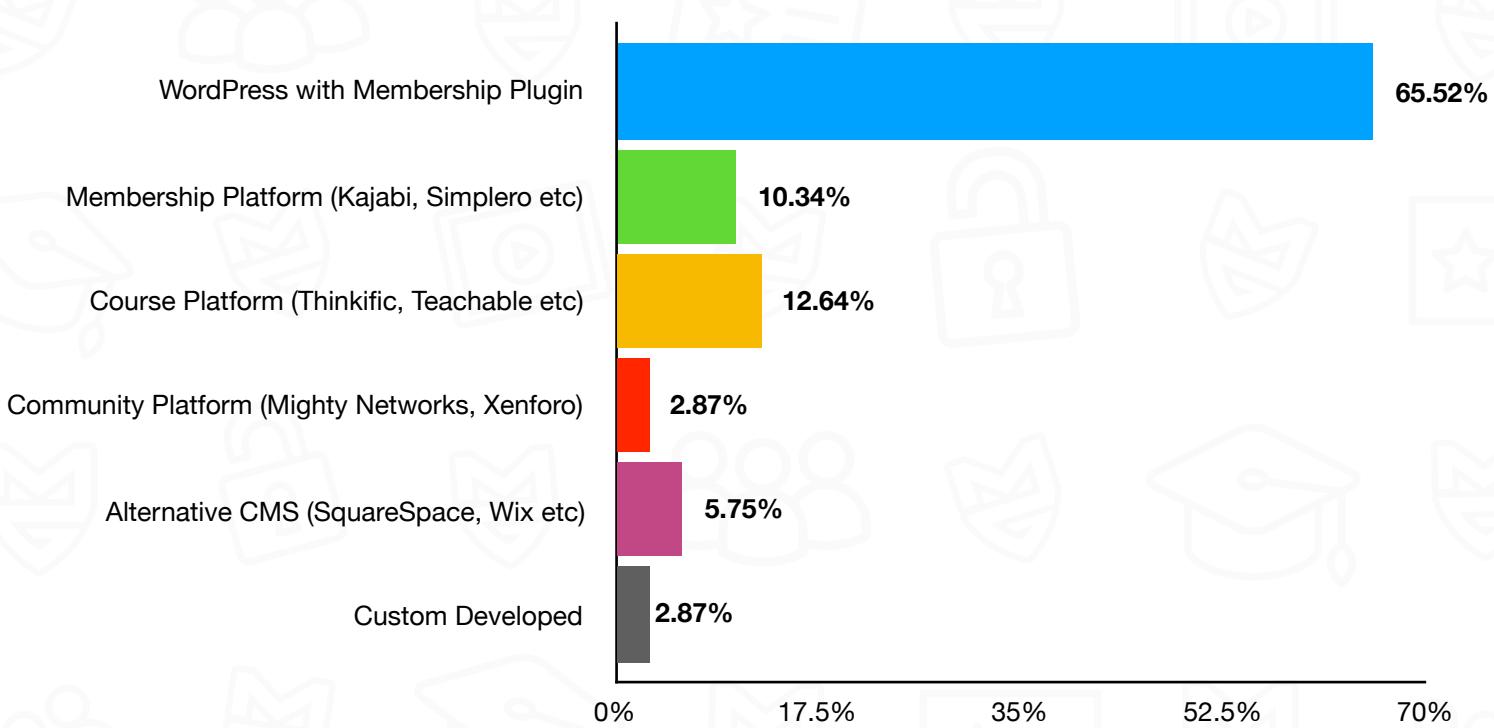
Almost two thirds of online memberships are using WordPress with a membership plugin.

Course platforms such as Thinkific and Teachable are - surprisingly - more commonly used than all-in-one membership platforms like Simplero and Kajabi, despite the latter options being more purpose-built for online memberships.

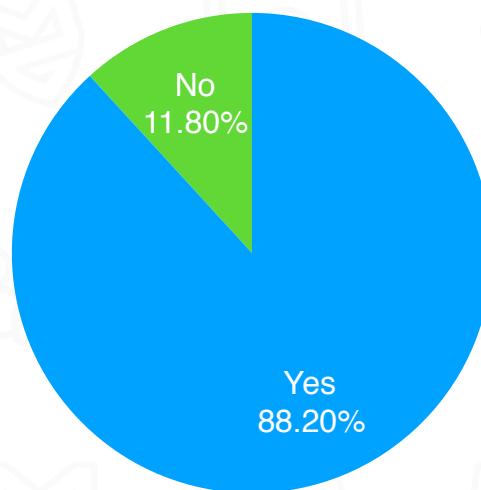
Over 83% of membership owners built their site themselves rather than hiring someone to help.

Given the above stat, and the complexity of piecing together multiple plugins etc, it's surprising that over 88% of membership owners stated they were happy with their tech setup.

## WHAT TYPE OF SOLUTION DO YOU USE TO OPERATE YOUR MEMBERSHIP?



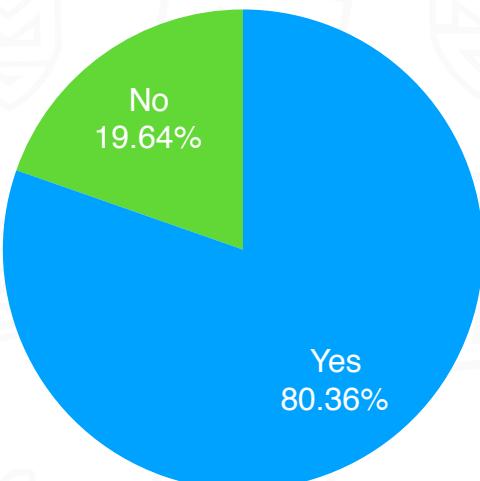
## ARE YOU SATISFIED WITH YOUR CURRENT MEMBERSHIP SOLUTION?



### Dissatisfied users by platform:

WordPress with Membership Plugin	28.57%
Membership Platform	28.57%
Course Platform	23.81%
Alternative CMS	14.29%

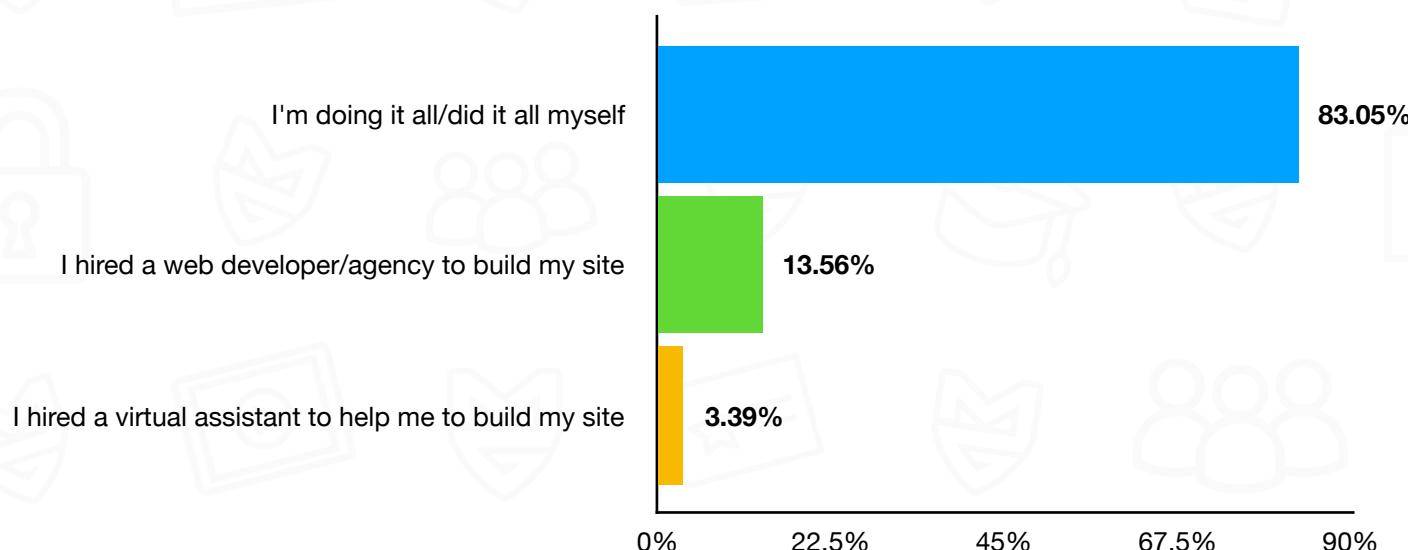
## ARE YOU SATISFIED WITH YOUR CURRENT COMMUNITY SOLUTION?



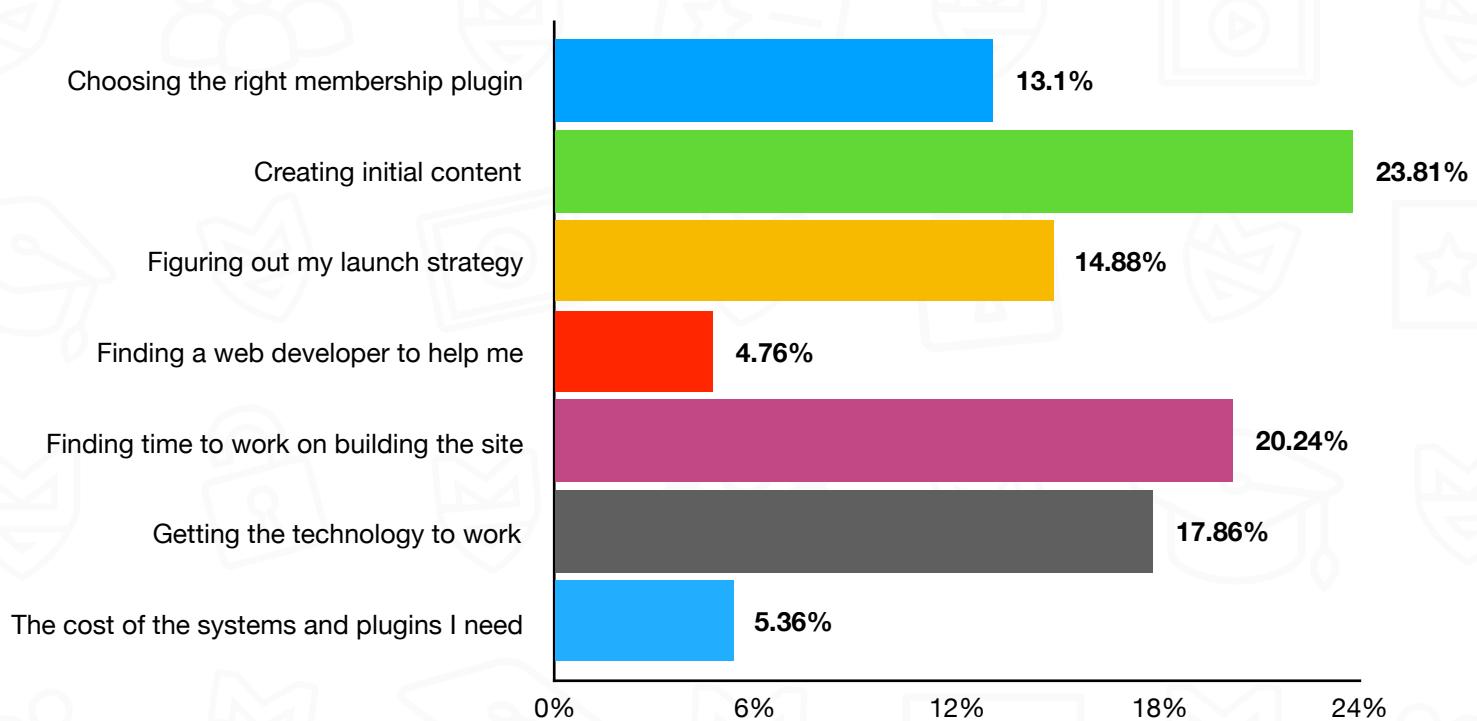
### Dissatisfied users by platform:

Facebook Group	60.61%
On-site Community (eg: forum)	27.27%
Mighty Networks	6.06%

## DID YOU HIRE ASSISTANCE TO BUILD YOUR MEMBERSHIP?



## WHAT WAS YOUR BIGGEST CHALLENGE IN BUILDING YOUR MEMBERSHIP?



# MARKETING

WHICH TACTICS PEOPLE USING TO ATTRACT NEW MEMBERS, AND HOW EFFECTIVE THEY ARE

## SUMMARY

**Content marketing** and **email marketing** are clearly the most effective channels for attracting new members, with over a quarter of all membership owners identifying them as their main source (double any other marketing activity)

**12.43%** of membership owners don't know where their members are coming from.

Almost a third of membership owners have between **2000-5000** email subscribers.

Every active membership with fewer than 500 subscribers on their email list had less than **250 current members**; with around **79%** having fewer than **100 active members**. Most of these have been running for less than 12 months.

**32.6%** of people who have not yet launched, have fewer than **500 subscribers** on their email list.

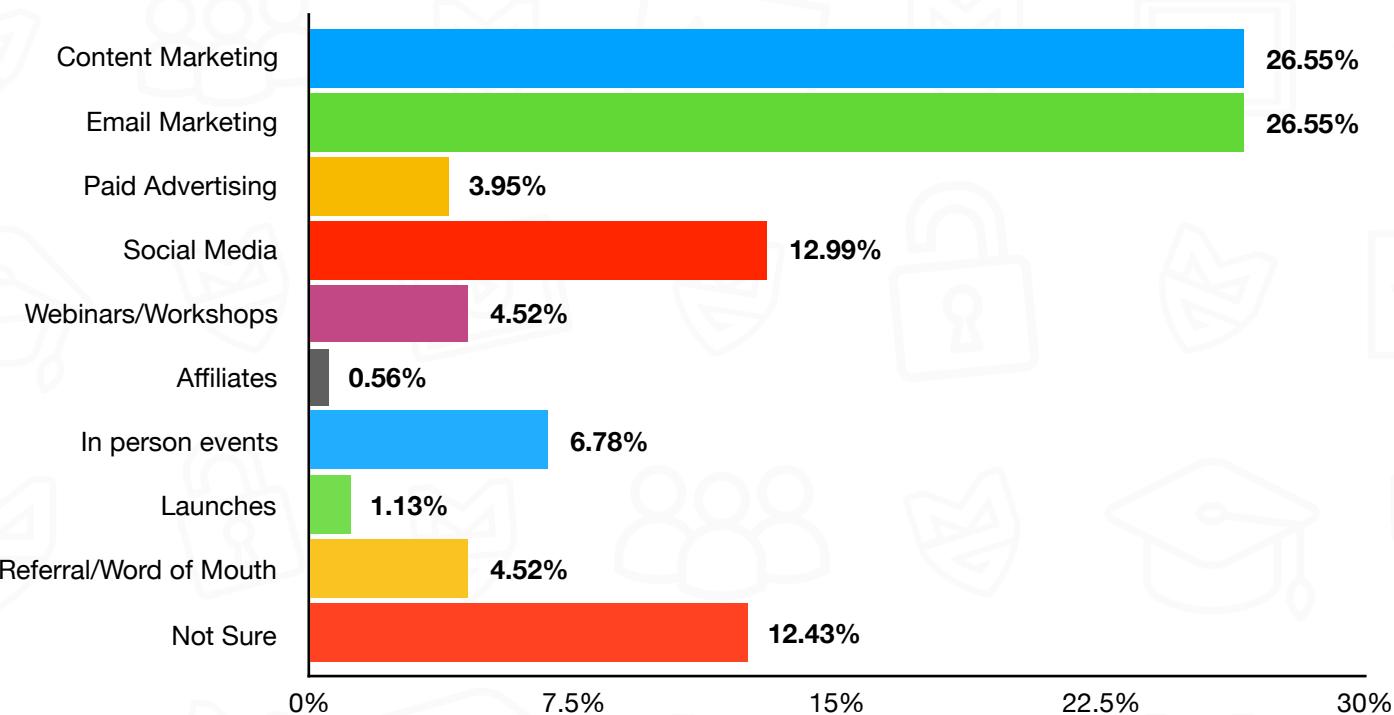
**86.3%** of memberships with over **1,000 members** have over **10,000 subscribers** on their email list.

Facebook ads are by far the most common paid channel, with almost **94% of memberships that use paid advertising** running their ads on Facebook.

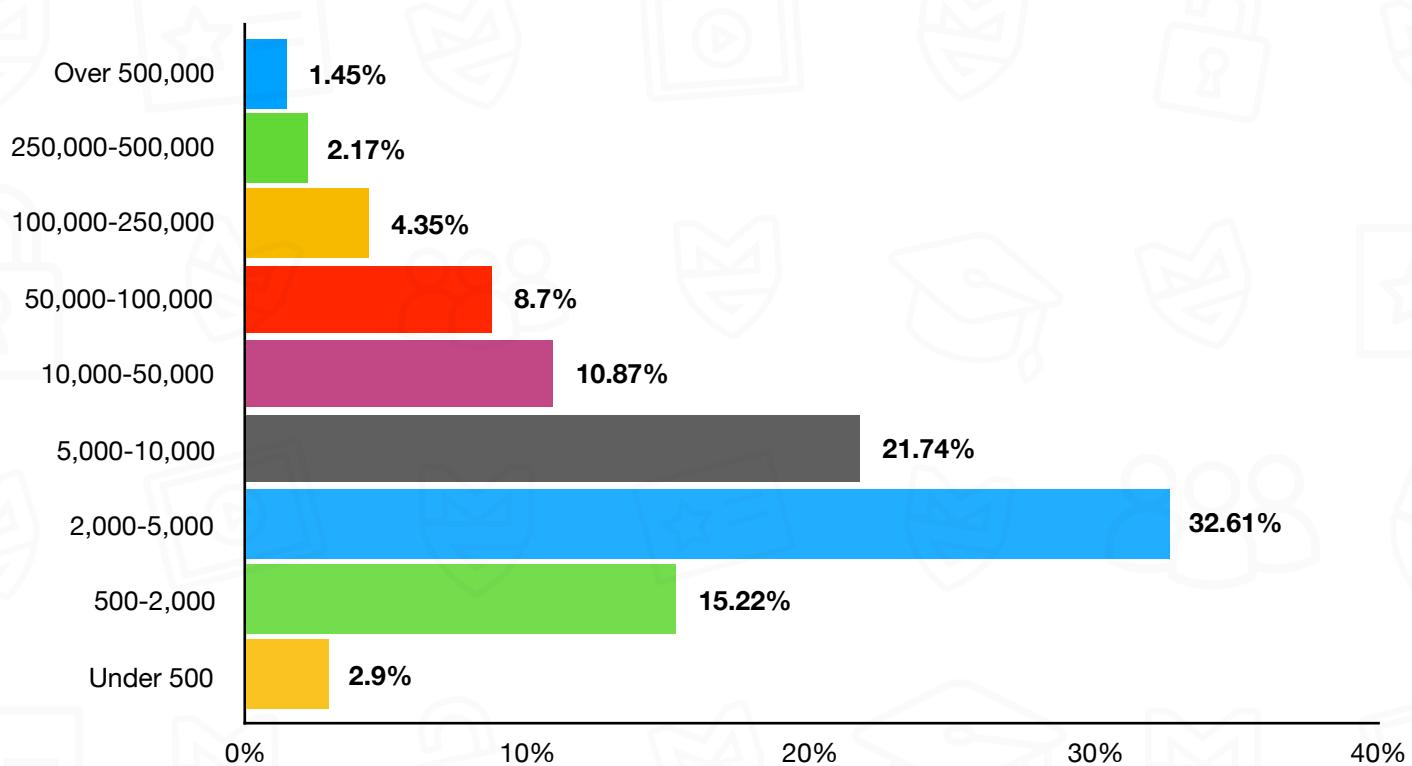
Less than **30%** of memberships offer a trial. The most common type is **14 days free**.

Of memberships that stated they **did not spend time building an audience prior to launching**, **91.4%** are making less than **6 figures per year**.

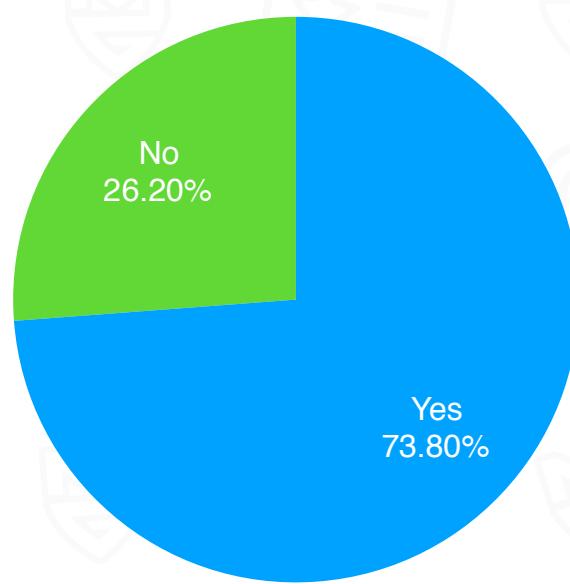
## WHAT IS YOUR MAIN SOURCE OF NEW MEMBERS?



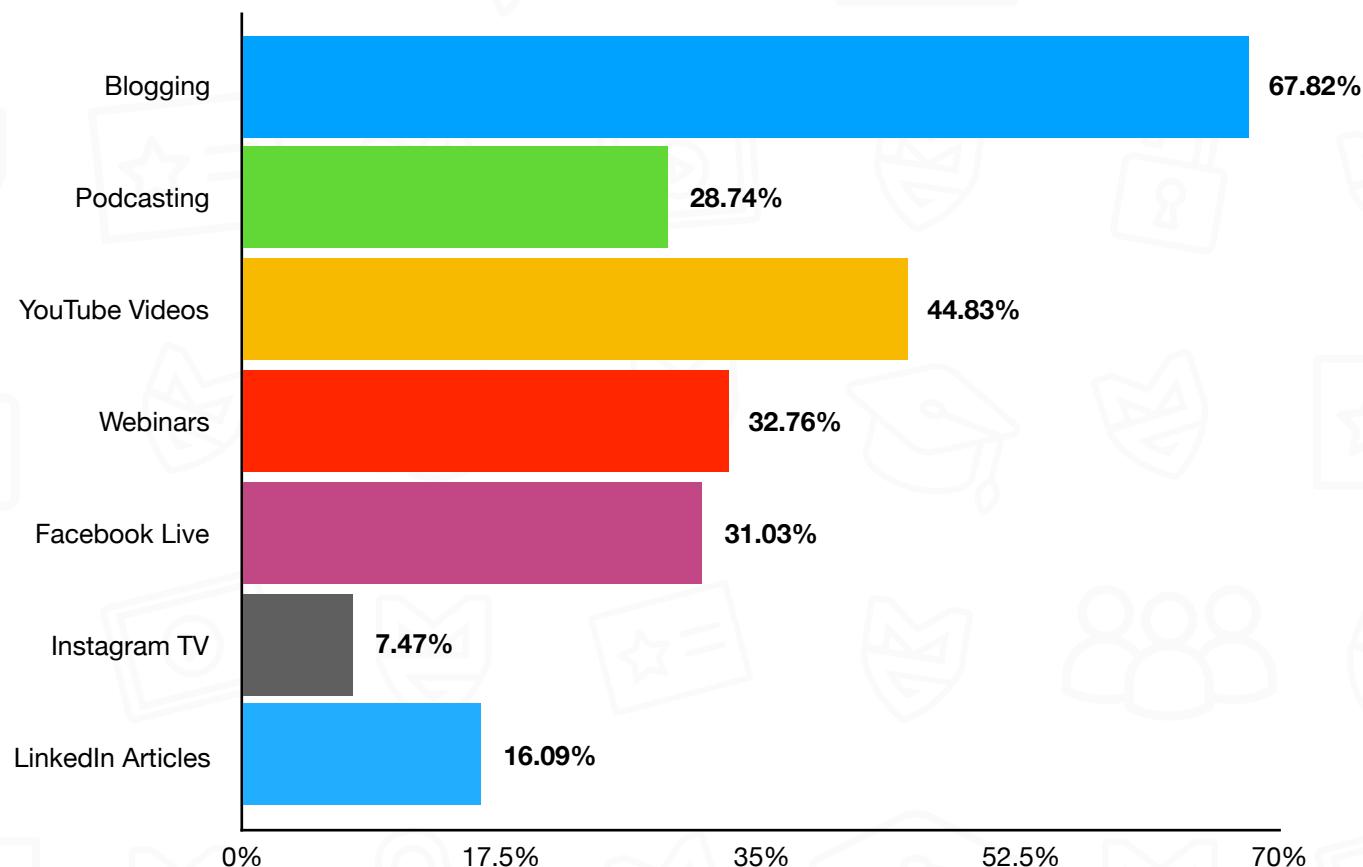
## HOW MANY SUBSCRIBERS DO YOU HAVE ON YOUR EMAIL LIST?



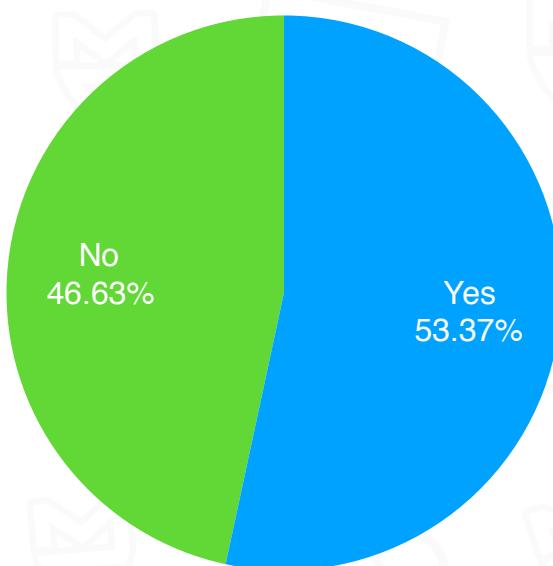
## DID YOU SPEND TIME BUILDING YOUR AUDIENCE BEFORE LAUNCHING YOUR MEMBERSHIP?



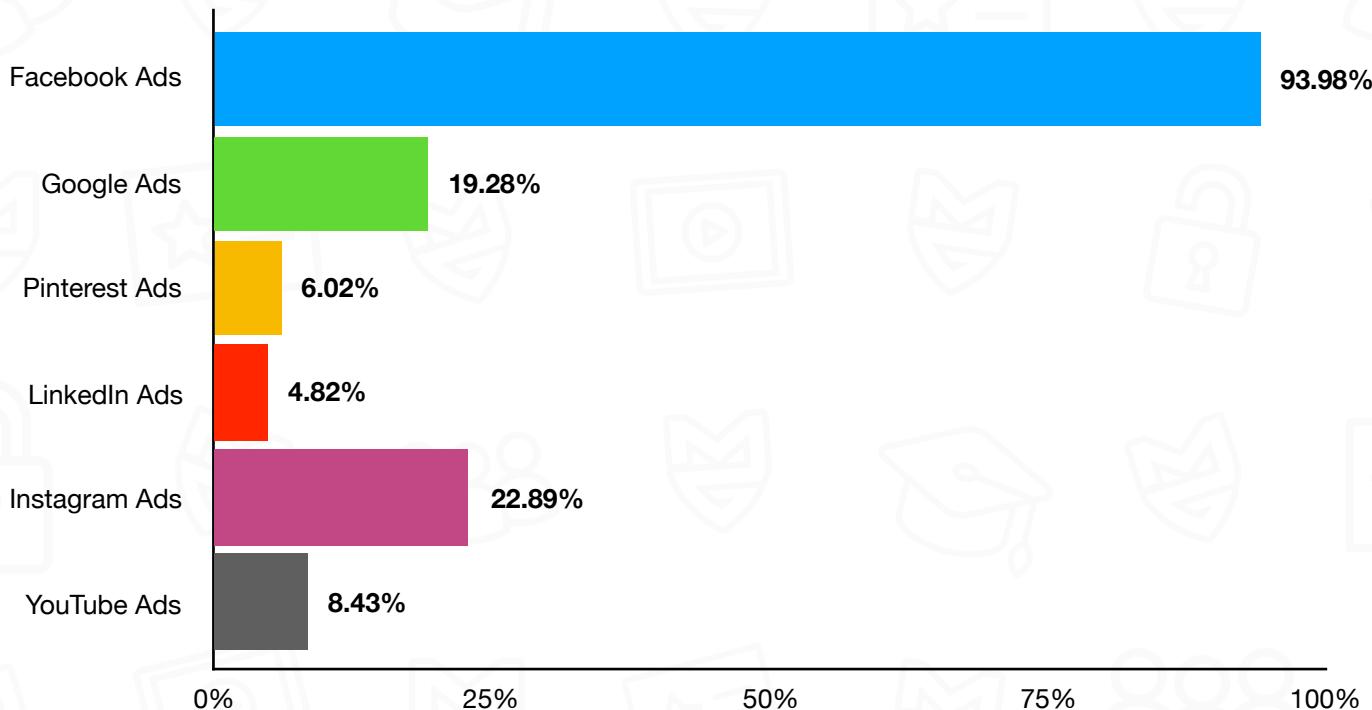
## WHICH OF THESE CONTENT MARKETING TACTICS ARE YOU USING?



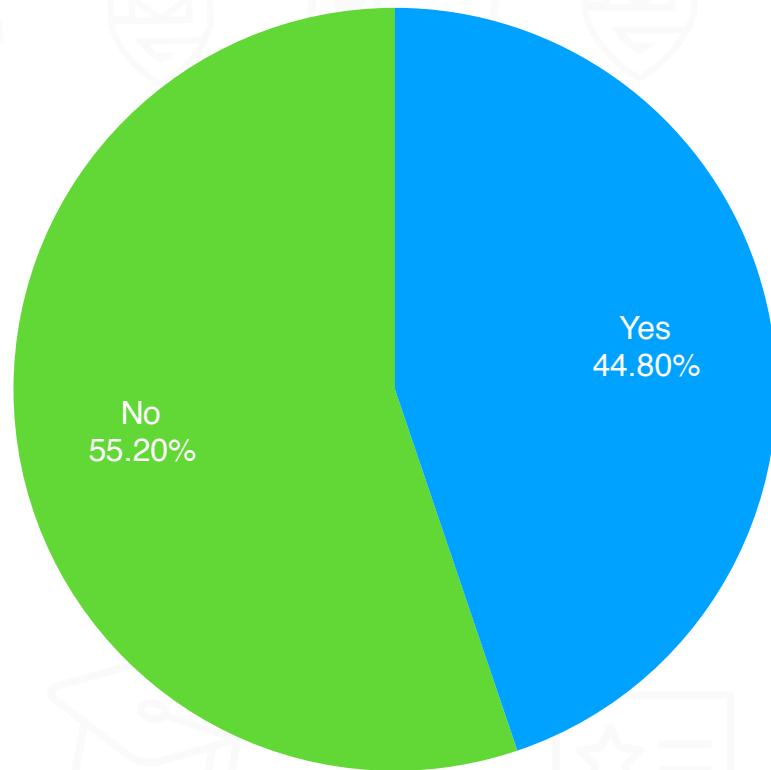
## DO YOU USE PAID ADVERTISING TO PROMOTE YOUR MEMBERSHIP?



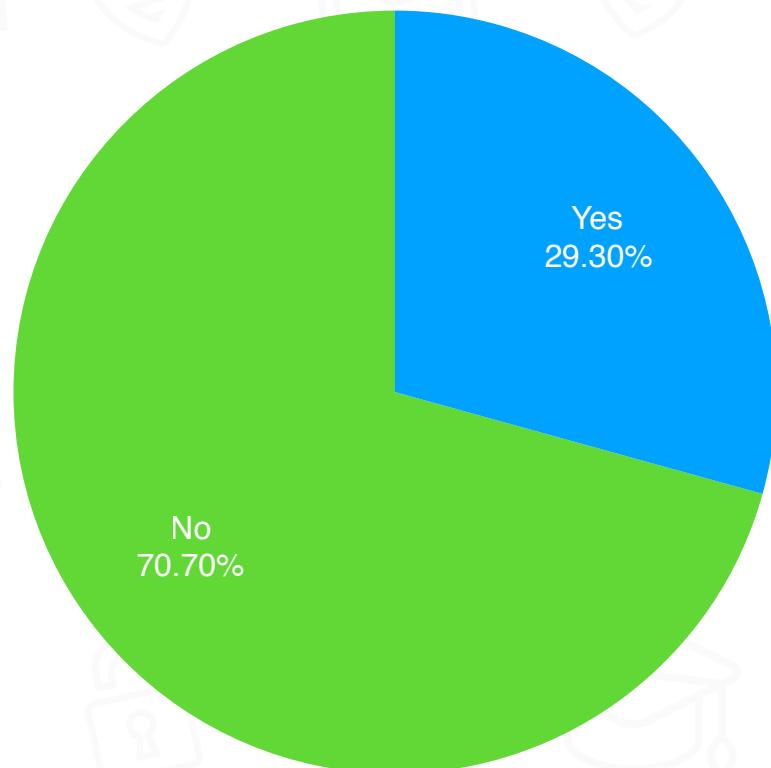
## IF YES, WHICH ADVERTISING CHANNELS DO YOU USE?



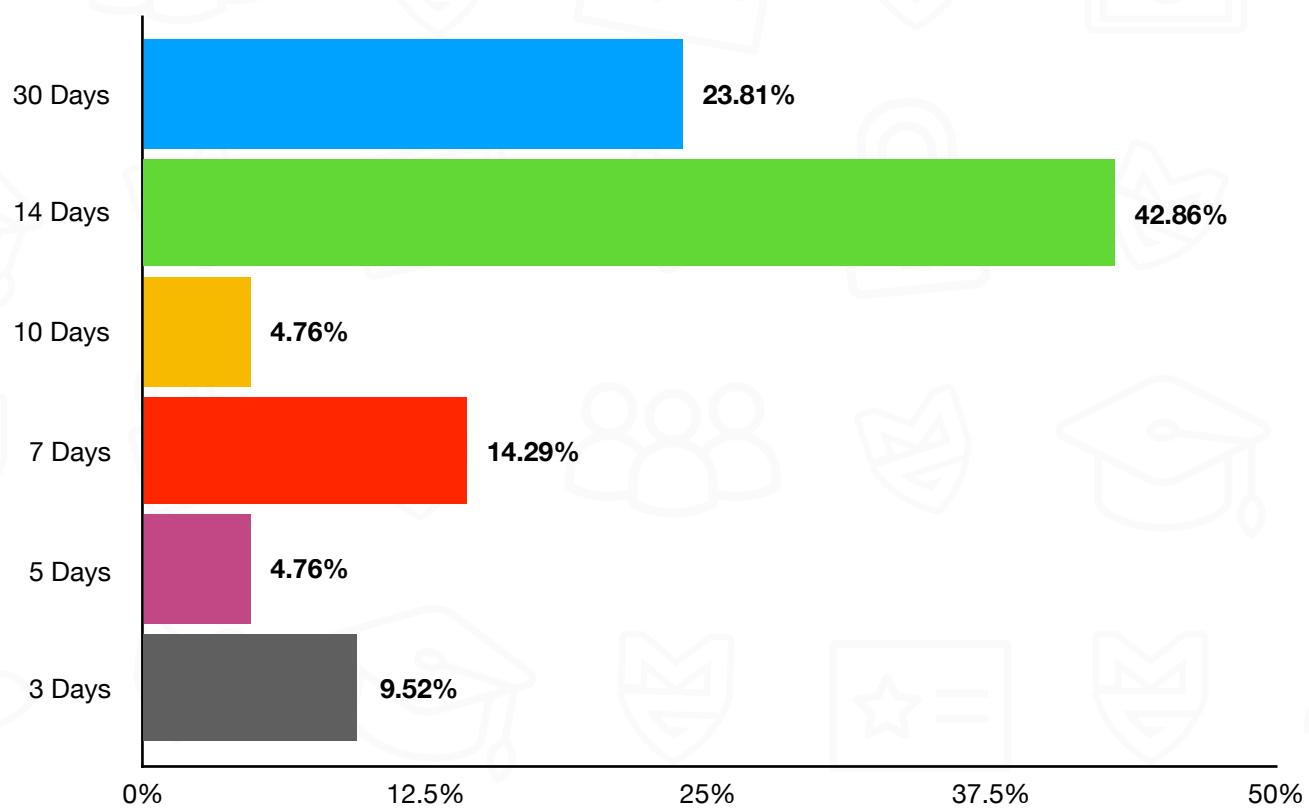
## DO YOU OFFER A MONEY BACK GUARANTEE?



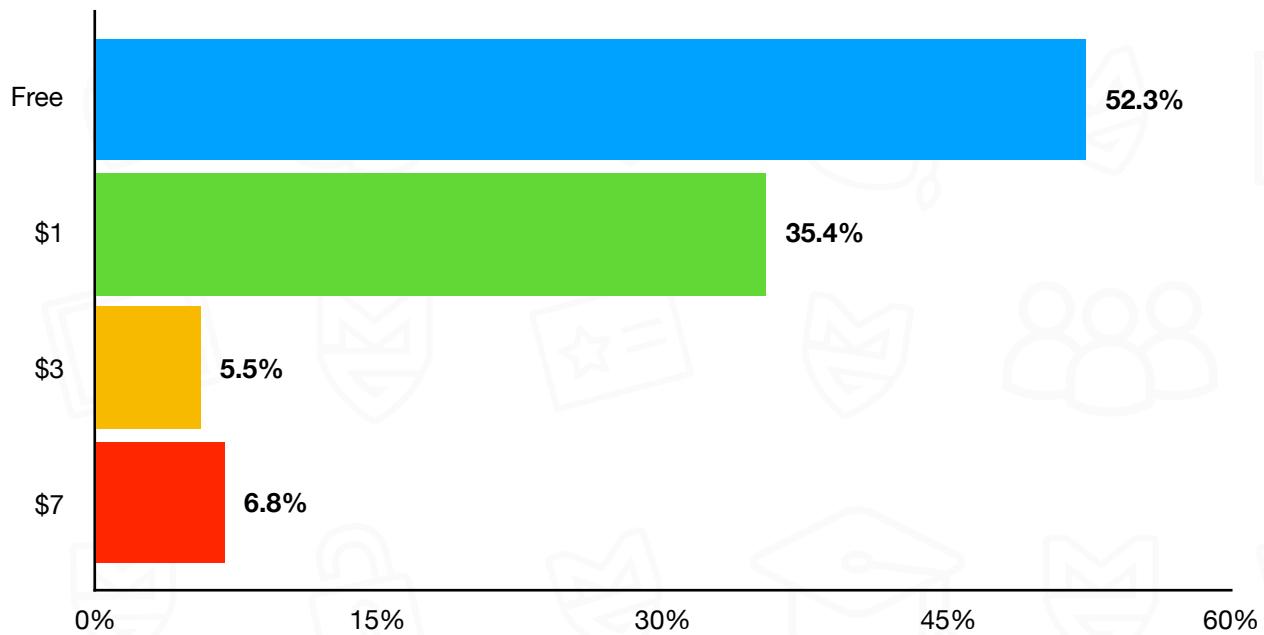
## DO YOU OFFER A TRIAL FOR YOUR MEMBERSHIP?



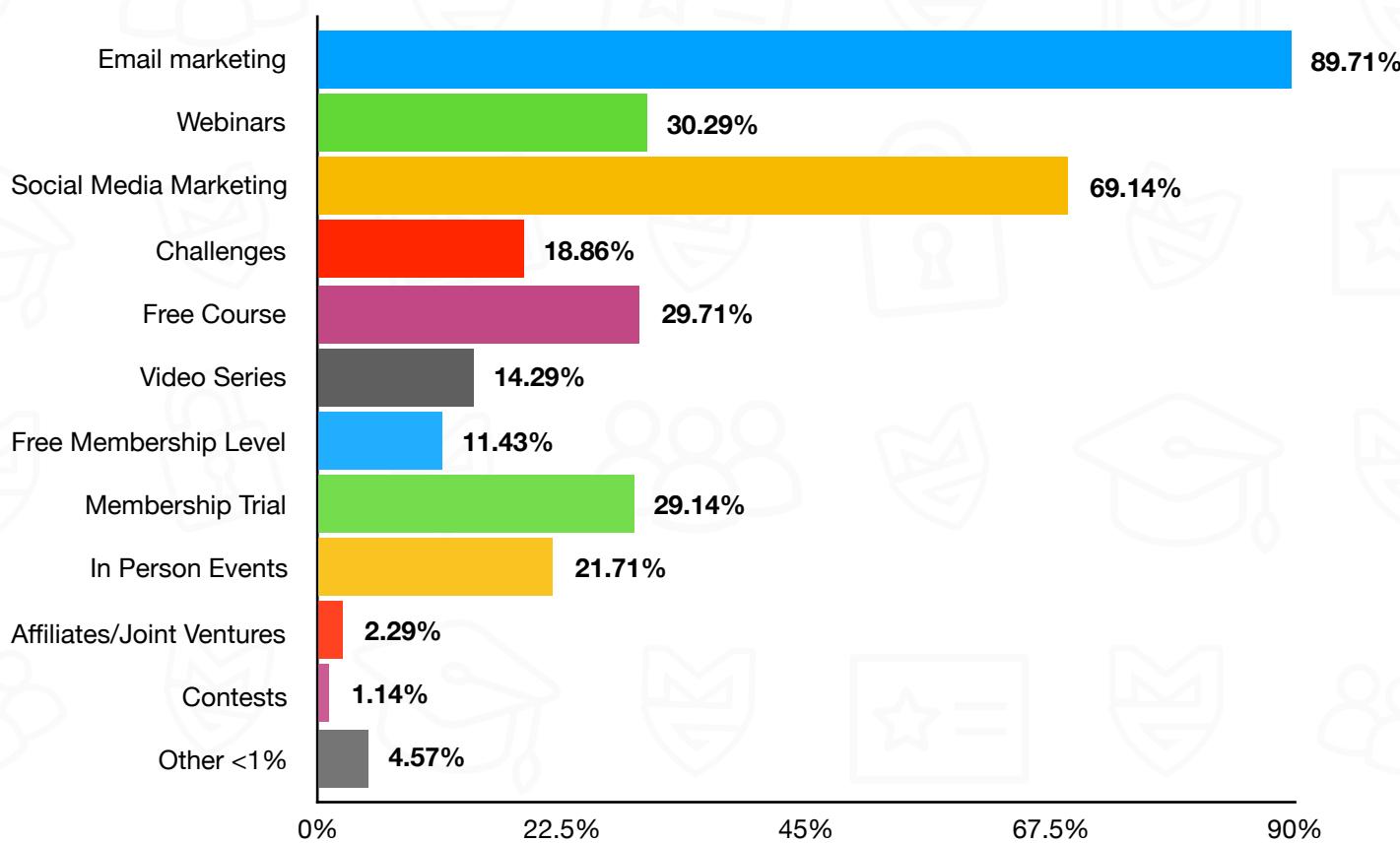
## IF YES, WHAT LENGTH IS YOUR TRIAL?



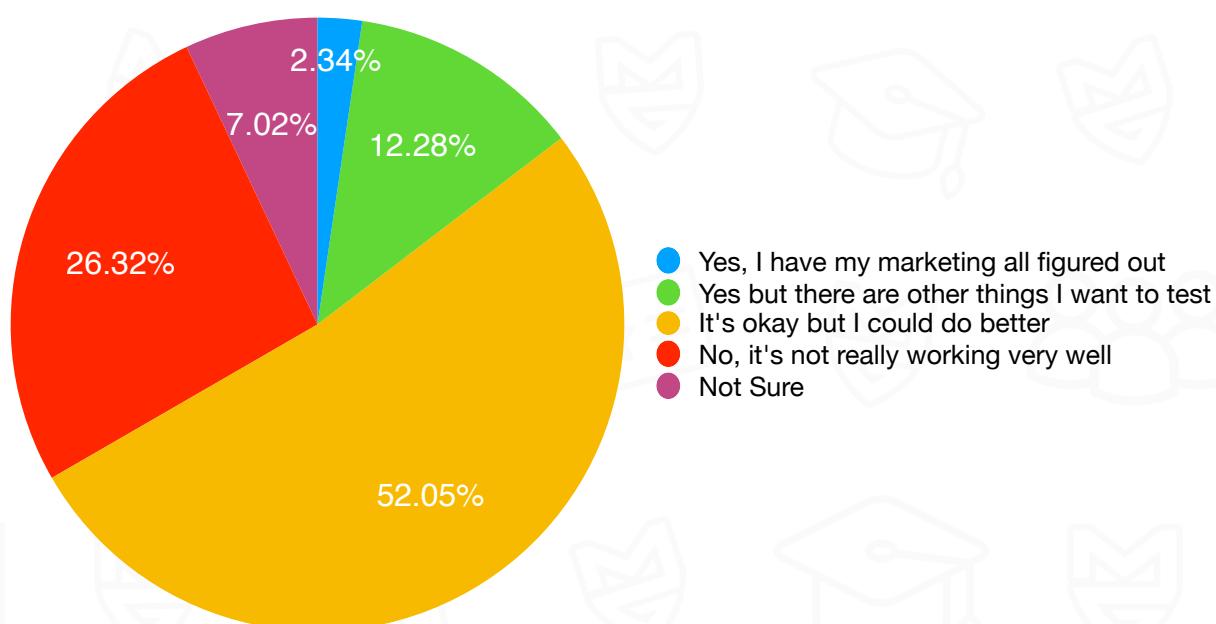
## IS YOUR TRIAL FREE OR PAID?



## WHAT OTHER MARKETING ACTIVITIES DO YOU REGULARLY USE TO GROW YOUR MEMBERSHIP?



## ARE YOU HAPPY WITH THE RESULTS OF YOUR MEMBERSHIP MARKETING ACTIVITIES?



# GROWTH & GOALS

ARE MEMBERSHIPS GROWING, WHICH CHALLENGES ARE PEOPLE FACING AND WHAT ARE THEIR PRIORITIES GOING FORWARD?

## SUMMARY

14% of membership owners are **not tracking key performance indicators**

Only **41%** of membership owners are happy with their growth, even though **54%** reported positive growth and only **14%** reported negative growth.

Unsurprisingly it's the memberships with **fewer than 250 members**, low sales and low revenue that primarily state unhappiness with their membership growth.

While 65% of memberships stated that they need to improve member engagement and 21.9% stated that it was one of their main challenges; **only 8% have prioritised this in the next 12 months**.

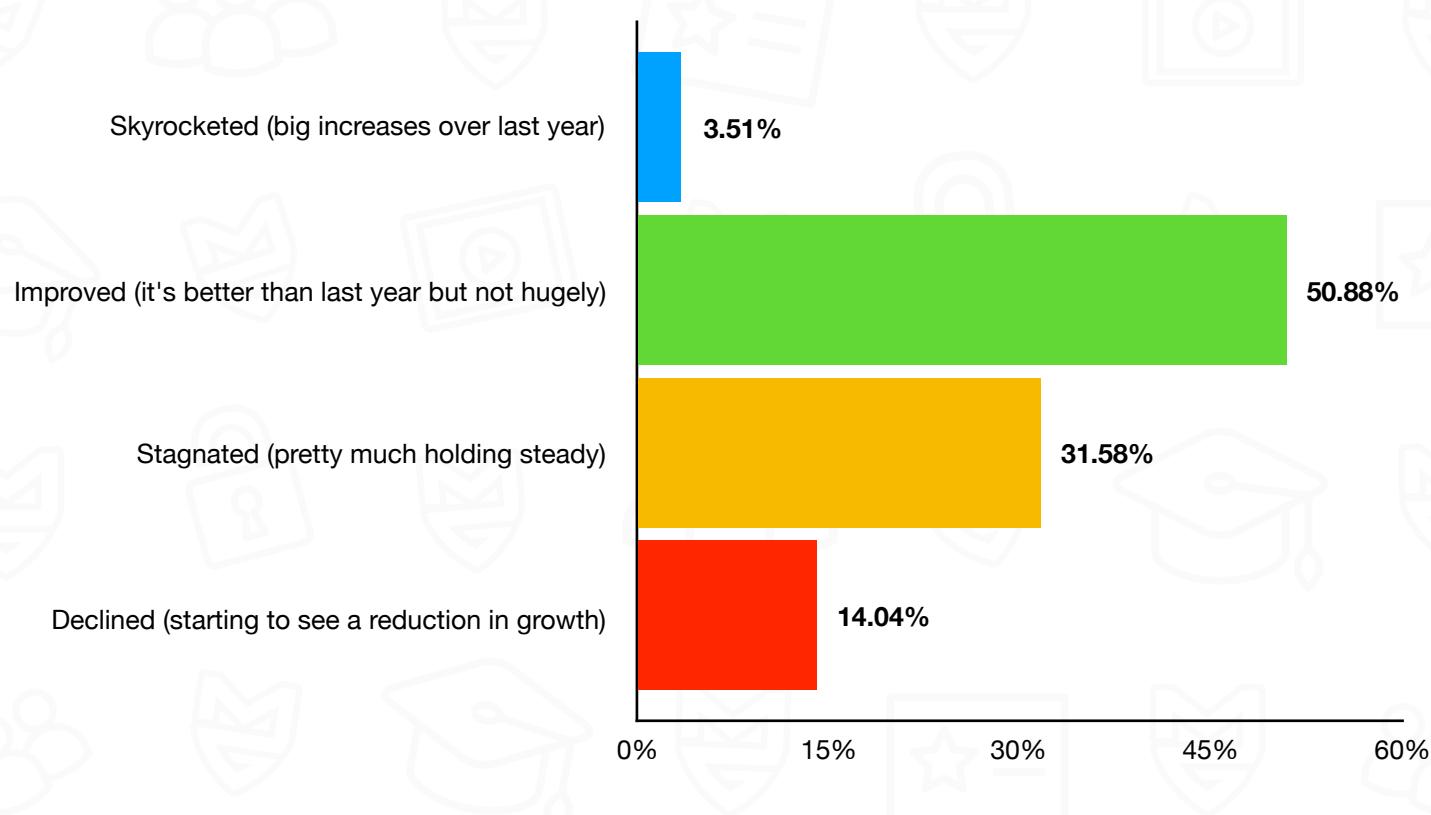
And while 21% of memberships stated that they need to improve member retention, and 26.4% identified retention as one of their main challenges; **only 10.86% are making this a priority in the next 12 months**.

The main challenges for **open memberships** are getting new members (61.87%), finding time for everything (35.97%) and achieving consistent growth (32.37%).

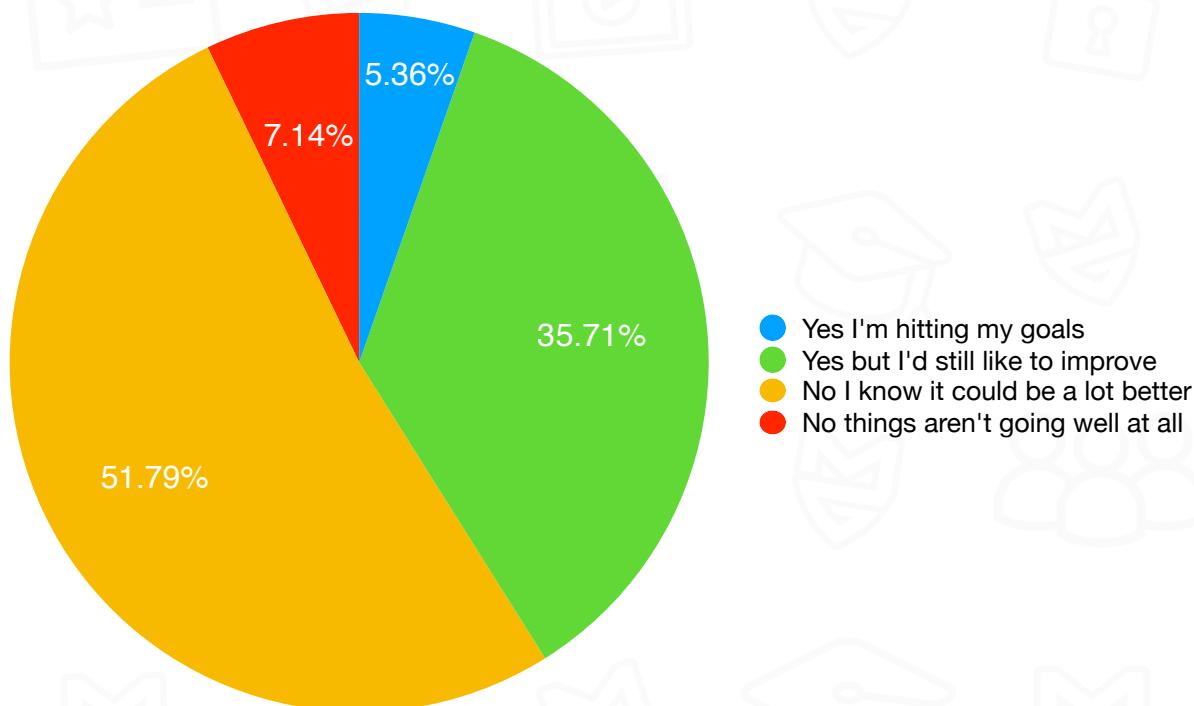
The main challenges for **closed memberships** are finding time for everything (51.26%), getting new members (47.37%), and community engagement (31.58%)

**Increasing member sales** is by far the most common goal for membership owners in the coming year, with 52% making this their number one priority.

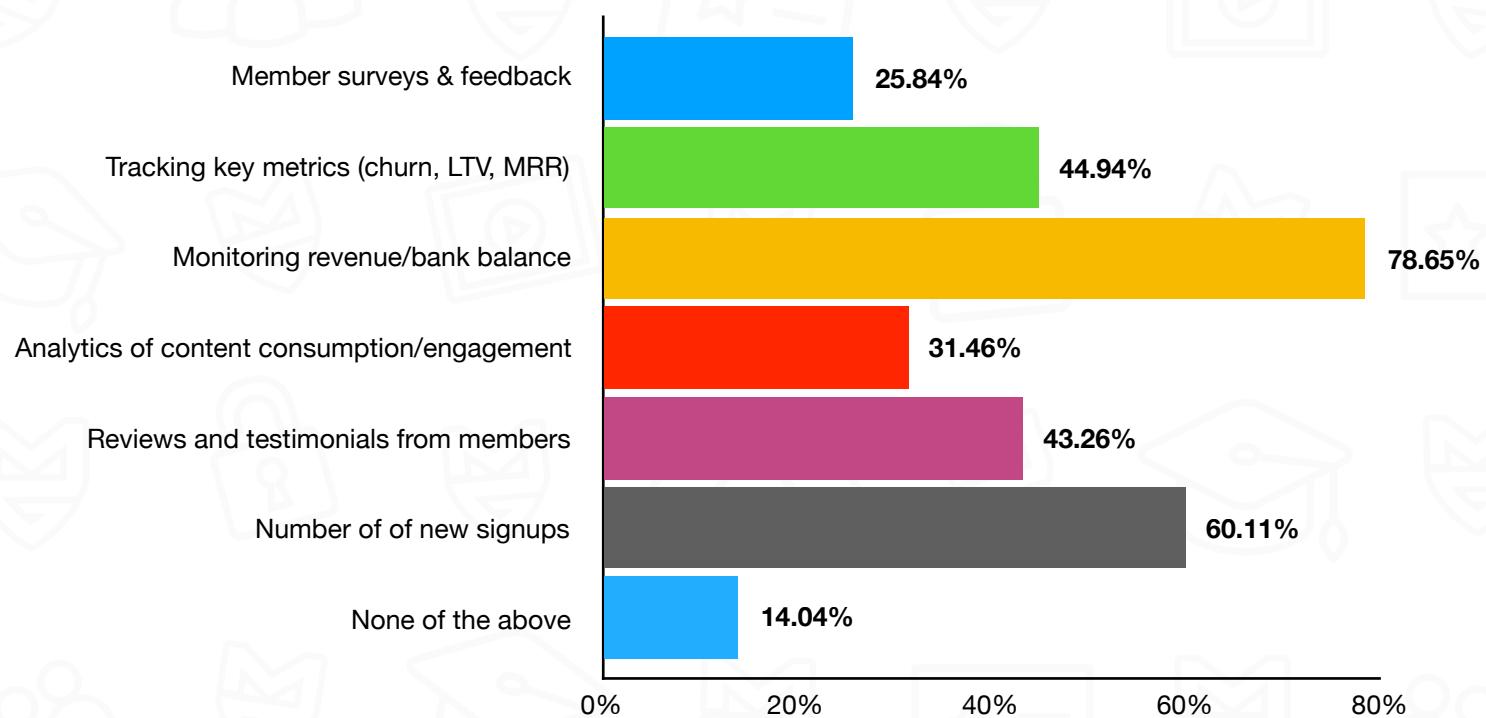
## HOW DOES THE GROWTH OF YOUR MEMBERSHIP IN 2019 COMPARE TO PREVIOUS YEARS?



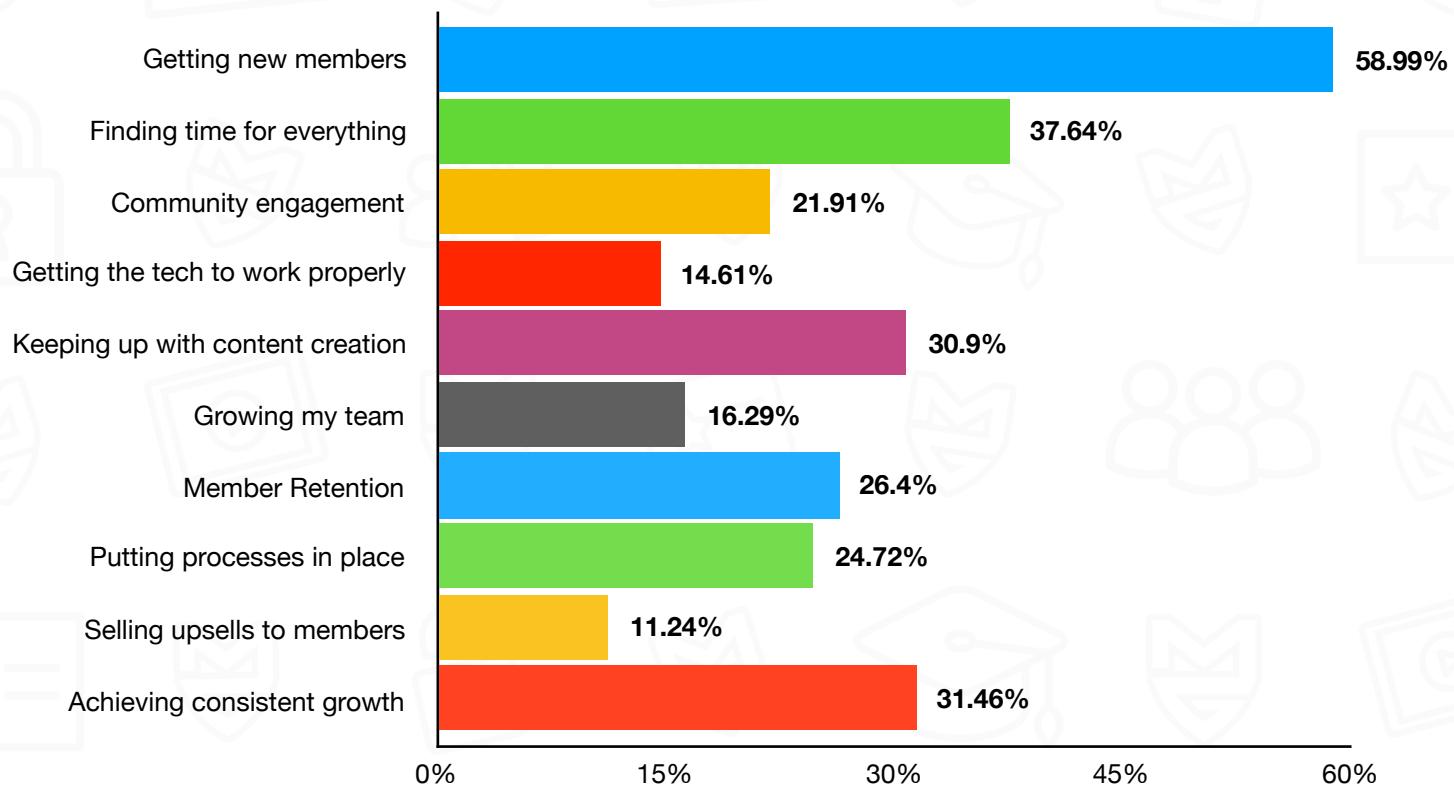
## ARE YOU HAPPY WITH YOUR MEMBERSHIP GROWTH?



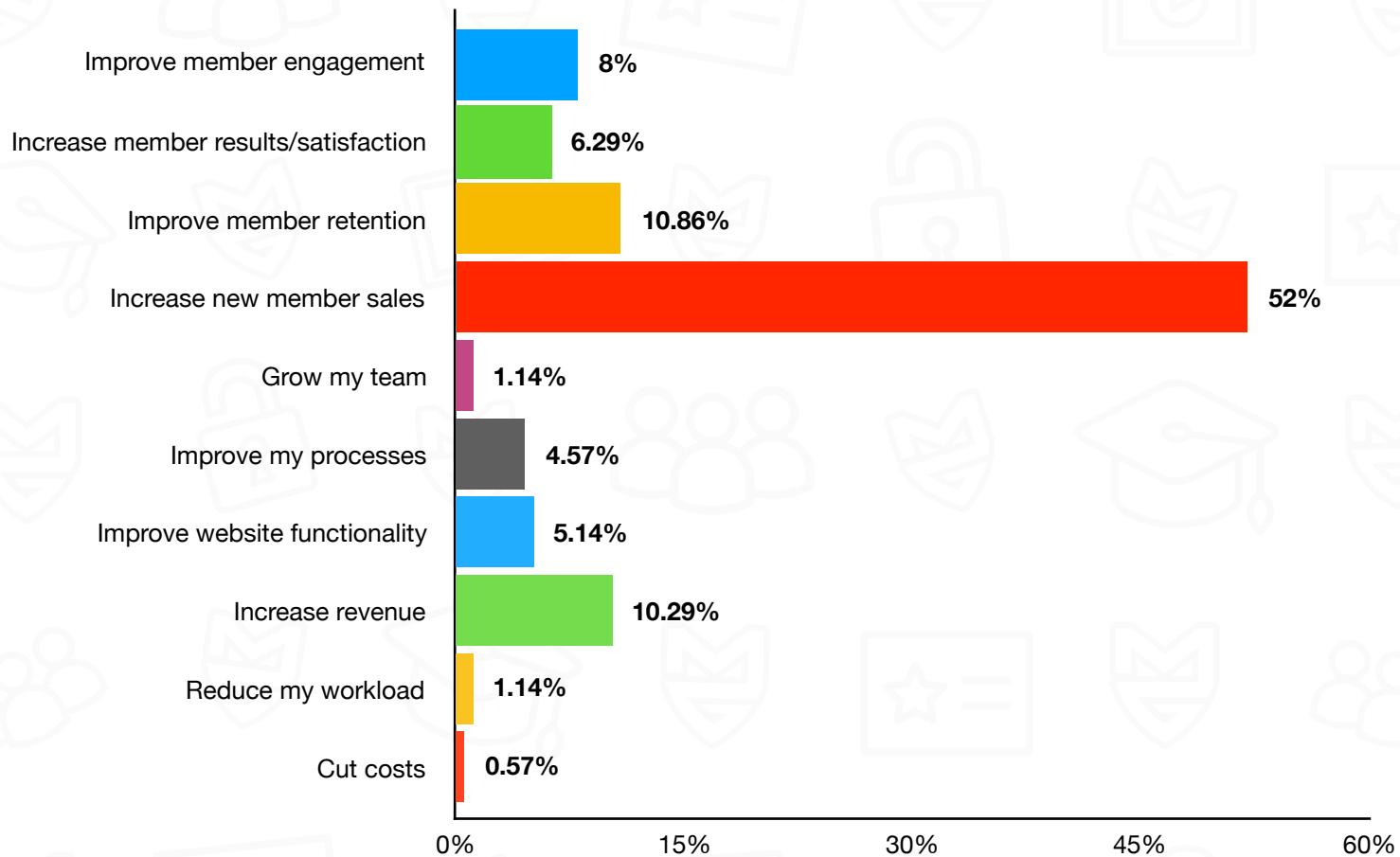
## WHAT METHODS DO YOU USE TO ASSESS THE PERFORMANCE OF YOUR MEMBERSHIP?

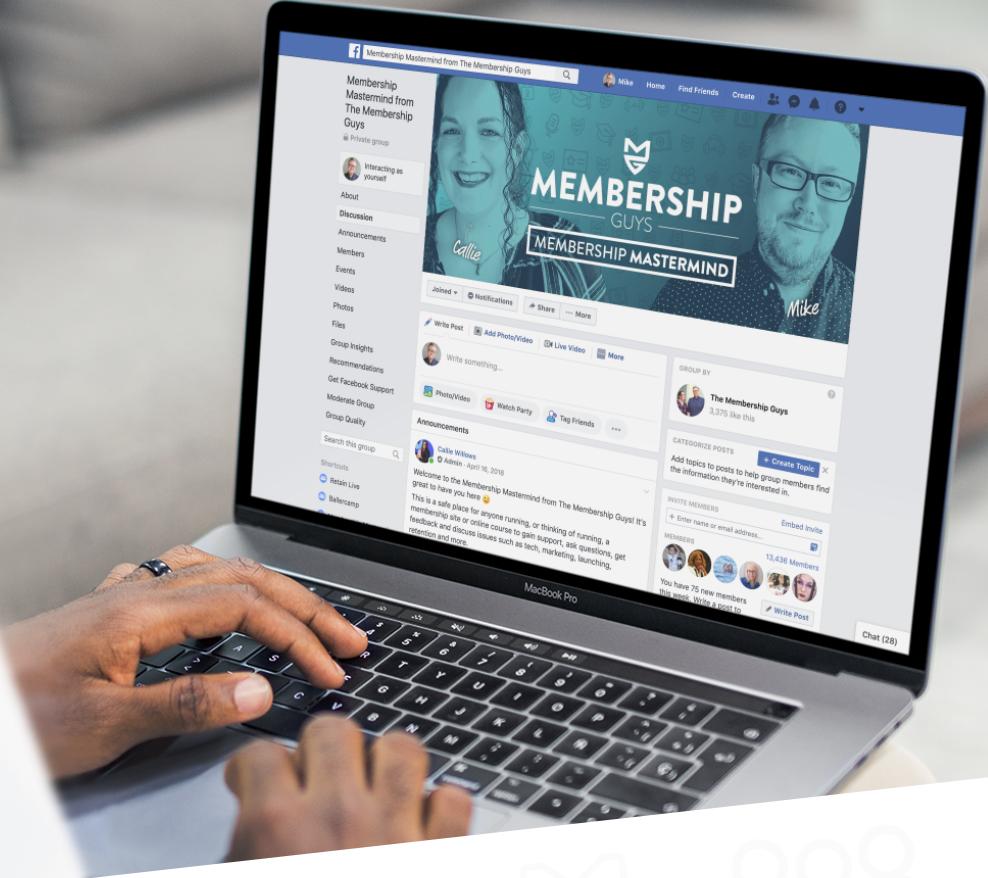


## WHAT ARE THE MAIN CHALLENGES YOU'RE FACING WITH YOUR MEMBERSHIP RIGHT NOW?



## WHAT IS YOUR NUMBER ONE GOAL FOR YOUR MEMBERSHIP OVER THE NEXT 12 MONTHS?





## THAT'S A WRAP!

So there you have it, the latest data, trends and benchmarks across the online membership industry in 2019.

Did any of the results surprise you?

Have your assumptions about the industry changed at all?

Maybe your expectations for your own membership been affected as a result of seeing how others are doing?

We'd love to hear your thoughts over in our free Facebook group, where you'll find over 13,000 of your fellow membership owners who will be only too keen to discuss the world of online memberships further.

**Join the conversation at [www.talkmemberships.com](http://www.talkmemberships.com)**